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8 Attorneys for Plaintiff  
9 ST. PAUL FIRE AND MARINE INSURANCE  
10 COMPANY

11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA

13 ST. PAUL FIRE AND MARINE  
14 INSURANCE COMPANY, a Connecticut  
15 corporation,

16 Plaintiff,

17 v.

18 VENDINI, INC., a California corporation,

19 Defendant.

CASE NO.: 3:13-cv-04458-SI

**FIRST AMENDED COMPLAINT FOR  
DECLARATORY JUDGMENT AND  
REIMBURSEMENT**

[JURY DEMAND INDORSED HEREON,  
Fed.R.Civ.P. 38]

20 For its first amended complaint against defendant Vendini, Inc. ("Vendini"), plaintiff St.  
21 Paul Fire and Marine Insurance Company ("St. Paul") alleges as follows:

**JURISDICTION AND VENUE**

22 1. Jurisdiction of this action is founded upon 28 U.S.C. § 1332, as the parties are  
23 citizens of different states, and the amount in controversy exceeds the sum of \$75,000, exclusive  
24 of interest and costs.

25 2. Venue is proper in the Northern District of California pursuant to 28 U.S.C.  
26 § 1391(a)(2), in that this action seeks a declaration of the parties' rights and obligations under a  
27 contract of liability insurance issued to the policyholder who resides in this district and in  
28 connection with claims made against the policyholder in the County of Santa Clara, California,  
and therefore a substantial part of the events or omissions giving rise to the claim occurred in this

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district. Alternatively, venue is proper in this district pursuant to 28 U.S.C. § 1391(a)(3), in that the defendant is a resident of the City and County of San Francisco, California and this district and is therefore subject to personal jurisdiction in this district at the time the action is commenced.

### **PARTIES**

3. St. Paul is a corporation organized and existing under the laws of the State of Connecticut, with its principal place of business in Hartford, Connecticut.

4. Vendini is a corporation organized and existing under the laws of the State of California, with its principal place of business in the City and County of San Francisco, California.

### **PRELIMINARY ALLEGATIONS**

#### **A. The St. Paul Insurance Policy**

5. St. Paul issued a commercial insurance policy no. ZLP-11R18933-12-I4 ("the St. Paul Policy") to named insured "Vendini, Inc." for the policy period September 11, 2012 to September 11, 2013. A true and correct copy of the St. Paul Policy is attached hereto as Exhibit A.

6. The St. Paul Policy contained Technology VisionPak Commercial General Liability Protection, form VP033 (Ed. 1-02), subject to \$1,000,000 each event limit, \$1,000,000 personal injury each person limit, \$1,000,000 advertising injury each person limit, and a general total limit of \$2,000,000.

7. The Technology VisionPak Commercial General Liability Protection, form VP033 (Ed. 1-02), in the St. Paul Policy provides coverage only pursuant to all of the terms, conditions, limitations, exclusions, and endorsements contained therein, and states in part:

#### **What This Agreement Covers**

##### **Bodily injury and property damage liability.**

We'll pay amounts any protected person is legally required to pay as damages for covered bodily injury or property damage that:

- happens while this agreement is in effect; and
- is caused by an event.

1 *Protected person* means any person or organization that qualifies as a protected  
2 person under the Who Is Protected Under This Agreement section.

3 *Bodily injury* means any physical harm, including sickness or disease, to the  
4 physical health of other persons.

5 \* \* \*

6 *Property damage* means:

- 7 • physical damage to tangible property of others, including all resulting loss  
8 of use of that property; or
- 9 • loss of use of tangible property of others that isn't physically damaged.

10 \* \* \*

11 *Event* means an accident, including continuous or repeated exposure to  
12 substantially the same general harmful conditions.

13 \* \* \*

14 **Personal injury liability.** We'll pay amounts any protected person is legally  
15 required to pay as damages for covered personal injury that:

- 16 • results from your business activities; and
- 17 • is caused by a personal injury offense committed while this agreement is in  
18 effect.

19 *Personal injury* means injury, other than bodily injury or advertising injury, that's  
20 caused by a personal injury offense.

21 *Personal injury offense* [as modified in the Technology VisionPak Personal Injury  
22 and Advertising Injury Endorsement, form VP037 (Ed. 9-06),] means any of the  
23 following offenses:

- 24 • False arrest, detention, or imprisonment.
- 25 • Malicious prosecution.
- 26 • Wrongful entry into, or wrongful eviction from, a room, dwelling, or  
27 premises that a person occupies, if such entry or eviction is committed by  
28 or for the landlord, lessor, or owner of that room, dwelling, or premises.
- Invasion of the right of private occupancy of a room, dwelling, or premises  
that a person occupies, if such invasion is committed by or for the  
landlord, lessor, or owner of that room, dwelling, or premises.
- Libel, or slander, in or with covered material.
- Making known to any person or organization covered material that  
disparages the business, premises, products, services, work, or completed  
work of others.

- Making known to any person or organization covered material that violates a person's right of privacy.

*Covered material* means any material in any form of expression, including material made known in or with any electronic means of communication, such as the Internet.

**Advertising injury liability.** We'll pay amounts any protected person is legally required to pay as damages for covered advertising injury that:

- results from the advertising of your products, your work, or your completed work; and
- is caused by an advertising injury offense committed while this agreement is in effect.

We won't consider advertising, borders, or frames for or of others, or links for or to others that are on or in your website to be advertising of your products, your work, or your completed work.

*Advertising injury* means injury, other than bodily injury or personal injury, that's caused by an advertising injury offense.

*Advertising injury offense* [as modified in the Technology VisionPak Personal Injury and Advertising Injury Endorsement, form VP037 (Ed. 9-06)] means any of the following offenses:

- Libel, or slander, in or with covered material.
- Making known to any person or organization covered material that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization covered material that violates a person's right of privacy.
- Unauthorized use of any advertising material, or any slogan or title, of others in your advertising.

*Advertising* means attracting the attention of others by any means for the purpose of:

- seeking customers or supporters; or
- increasing sales or business.

*Advertising material* means any covered material that:

- is subject to copyright law; and
- others use and intend to attract attention in their advertising.

*Slogan* means a phrase that others use and intend to attract attention in their advertising.

But we won't consider slogan to include a phrase used as, or in, the name of:

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- any person or organization, other than you; or
- any business, or any of the premises, products, services, work, or completed work, of any person or organization, other than you.

*Title* means a name of a literary or artistic work.

8. The Technology VisionPak Commercial General Liability protection, form VP033 (Ed. 1-02), also contains the following provision:

**Right and duty to defend a protected person.**

We'll have the right and duty to defend any protected person against a claim or suit for injury or damage covered by this agreement. We'll have such right and duty even if all of the allegations of the claim or suit are groundless, false, or fraudulent. But we won't have a duty to perform any other act or service.

We'll have the right to investigate any event, offense, claim, or suit to the extent we believe is proper. We'll also have the right to settle any claim or suit within:

- any applicable deductible; or
- the available limits of coverage.

Our duty to defend protected persons ends when we have used up the limits of coverage that apply with the payment of:

- judgments;
- settlements; or
- medical expenses.

*Claim* means a demand that seeks damages.

*Suit* means a civil proceeding that seeks damages. It includes:

- an arbitration proceeding for damages to which the protected person must submit, or submits with our consent; and
- any other alternative dispute resolution proceeding for damages to which the protected person submits with our consent.

*Injury or damage* means:

- bodily injury, personal injury, or advertising injury; or
- property damage.

*Offense* means any:

- personal injury offense; or
- advertising injury offense.

9. The St. Paul Policy also provides Technology Umbrella Excess Liability Protection Coverage, form 47268 Rev. 7-01 (“Excess Coverage”). The Excess Coverage provided by that form is subject to a \$5,000,000 “[g]eneral total limit,” a \$5,000,000 “[p]ersonal injury each person limit,” a \$5,000,000 “[a]dvertising injury each person limit,” and a \$5,000,000 “[e]ach event limit per form 47273 Rev. 7-01. The Excess Coverage provides coverage only pursuant to all of the terms, conditions, limitations, exclusions, and endorsements contained therein, which are materially identical to those in the Technology VisionPak Commercial General Liability Protection, form VP033 (Ed. 1-02), in the St. Paul Policy.

**B. The Lim Action**

10. Lanie Lim and John Lewert, purporting to act individually and on behalf of all others similarly situated, against Vendini in the Superior Court of California for the County of Santa Clara (“the *Lim* action”) on January 31, 2014.

11. The *Lim* complaint alleges that Vendini is a San Francisco-based ticketing service that handles the sales for hundreds of entertainment venues across the country hosting theatre, music, and sports. Customers have purchased thousands of tickets through Vendini for such events and entrusted Vendini with safeguarding their personal information. However, Vendini failed to adopt and maintain adequate procedures to protect such information and limit the dissemination of such information only for permissible purposes. As a direct and/or proximate cause of Vendini’s willful, reckless and/or negligent actions, an unauthorized third-party obtained customers’ personal information for no permissible purpose. (*Lim* Complaint, ¶ 2.)

12. Lim and Lewert purport to bring their action on behalf of a class consisting of all persons who are domiciled or reside in the United States whose “Personal Identification Information” (PII) resided on Vendini’s network servers on or before April 25, 2013. (*Lim* Complaint, ¶ 60.)

13. The *Lim* complaint avers that Vendini failed to implement and maintain policies and procedures to adequately protect the personal information of consumers from unauthorized access, destruction, use, modification, and/or disclosure. Specifically, Vendini failed to implement and maintain policies and procedures to detect and prevent such unauthorized acts. If

1 Vendini had such policies and procedures in place, they would have prevented this security  
2 breach in the first place. Lim and Lewert purport to bring suit for damages arising out of the  
3 breach itself, and for the damages arising out of Vendini's inexplicable delay in providing notice  
4 to consumers of the security breach. Such untimely and unreasonable delay prevented Lim,  
5 Lewert, and the class from taking immediate steps to monitor and attempt to safeguard their  
6 personal information. (*Lim* Complaint, ¶ 3.)

7 14. The *Lim* complaint further charges that Vendini's conduct has directly and  
8 proximately caused economic and non-economic damage to consumers, including but not limited  
9 to monetary losses from identity theft and out-of-pocket expenses to remediate such losses; the  
10 disclosure and publication of material that violates consumers' right to privacy; the deprivation  
11 of the exclusive use and control of individuals' own personal, financial and/or otherwise non-  
12 public information, including but not limited to property damage in the form of loss of use of  
13 tangible property such as the diminution of the value of their personal information, which has  
14 independent, quantifiable economic value, and the loss of use of credit and debit cards that  
15 require replacement. Further, Vendini's conduct has made it impossible for Lim and the putative  
16 class to fully protect themselves from fraud. (*Lim* Complaint, ¶ 4.)

17 15. The *Lim* complaint asserts that, as a direct and proximate result of Vendini's  
18 conduct, Lim and the members of the class have suffered and/or will suffer irreversible damage.  
19 As such, Lim, on behalf of the class, seeks injunctive relief, compensatory and punitive damages,  
20 statutory penalties, and restitution for statutory and common law violations of California law as  
21 well as applicable federal law. (*Lim* Complaint, ¶ 5.)

22 16. The *Lim* complaint asserts that, through its agreement with members of the  
23 payment card industry (PCI), Vendini is contractually obligated to comply with specified security  
24 standards as a condition of being permitted to process transactions through the PCI members'  
25 networks. Vendini's failure to use commercially adequate data security measures including, but  
26 not limited to, adequate encryption and key management, led to the security breach itself, and  
27 also to Vendini's delay in discovering and notifying consumers about the security breach. (*Lim*  
28 Complaint, ¶¶ 31, 38.)

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1           17.     The *Lim* complaint additionally alleges that, on or about May 25, 2013, Lim and  
2     Lewert received a notice from Vendini dated May 23, 2013. The announcement stated that “a  
3     third-party criminal actor used hacking technologies to access [its] databases” and may have  
4     accessed customers’ personal information—including names, mailing addresses, email addresses,  
5     phone numbers, and credit card numbers and expiration dates. The announcement also stated  
6     that Vendini detected the breach on April 25, 2013, though it was believed to have occurred in  
7     late March. Vendini credited an alleged federal investigation for its delay in notifying customers.  
8     The *Lim* complaint avers, upon information and belief, that many other patrons did not receive  
9     notice until a month later, some through postal delivery. (*Lim* Complaint, ¶ 42.)

10           18.     The *Lim* complaint states that, on information and belief, Vendini failed to encrypt  
11     data; improperly stored and retained credit card transaction and customer data; failed to take all  
12     reasonable steps to destroy or arrange for the destruction of customers’ records within its custody  
13     or control containing personal information that is no longer authorized to be retained by the  
14     business by failing to shred, erase, or otherwise modify the personal information in those records  
15     to make it unreadable or undecipherable through any means; failed to properly install,  
16     implement, and maintain firewalls to protect consumer data; failed to properly analyze and  
17     restrict IP addresses to and from its computer systems; failed to perform dynamic packet  
18     filtering; failed to properly restrict access to its computers; failed to properly protect stored data;  
19     failed to properly encrypt cardholder data and other sensitive information; failed to properly  
20     implement and update anti-virus and anti-spyware software that would properly prevent  
21     unauthorized data transmissions caused by viruses, executables or scripts from its servers or  
22     computer system; failed to track or monitor all access to network resources and cardholders data;  
23     failed to regularly test security systems and processes or maintain an adequate policy that  
24     addresses information security or to run vulnerability scans, and failed to provide prompt and  
25     adequate warnings of security breaches or vulnerabilities. (*Lim* Complaint, ¶ 44.)

26           19.     The *Lim* complaint avers that Vendini’s wrongful actions and/or inaction directly  
27     and/or proximately caused the theft and dissemination into the public domain of Lim’s and  
28     putative class members’ personal information without their knowledge, authorization, and/or



1 consent. As a further direct and/or proximate result of Vendini's wrongful actions and/or  
 2 inaction, Lim and class members have suffered, and will continue to suffer, damages including,  
 3 without limitation, lost time and expenses for debit- and credit-card monitoring and identity-theft  
 4 insurance, out-of-pocket expenses, anxiety, emotional distress, fear and apprehension of identity  
 5 theft and fraud, loss of privacy, and other economic and non-economic harm. (*Lim* Complaint,  
 6 ¶ 48.)

7 20. The *Lim* complaint asserts twelve causes of action against Vendini, enumerated as  
 8 violation of California Civil Code § 1798.80 *et seq.*; violations of California Business and  
 9 Professions Code § 17200 *et seq.*; false advertising under California Business and Professions  
 10 Code § 17500 *et seq.*; violations of the Consumer Legal Remedies Act (California Civil Code §  
 11 1750 *et seq.*); breach of contract; breach of implied contract; unjust enrichment; negligence;  
 12 invasion of privacy; violation of Song-Beverly Credit Card Act (California Civil Code §  
 13 1747.08); violation of the Stored Communications Act (18 U.S.C. § 2711); and violation of the  
 14 Computer Fraud and Abuse Act (18 U.S.C. § 1030). (*Lim* Complaint, ¶¶ 76-156.)

15 **C. The Tender of Defense**

16 21. Vendini notified St. Paul of the claims which preceded the *Lim* action and of the  
 17 *Lim* action itself, and requested that St. Paul defend and indemnify Vendini.

18 22. St. Paul notified Vendini that it disputed coverage for the claims which preceded  
 19 the *Lim* action and for the *Lim* action and reserved the right to seek a declaratory judgment from  
 20 the court.

21 **FIRST CLAIM FOR RELIEF – DECLARATORY JUDGMENT**

22 **(CLAIM FOR DUTY TO DEFEND)**

23 23. St. Paul incorporates herein by reference, as if fully restated, paragraphs 1 through  
 24 22 above.

25 24. An actual controversy has arisen and now exists between St. Paul, on the one  
 26 hand, and Vendini, on the other hand, concerning their respective rights and duties under the St.  
 27 Paul Policy.

28 25. St. Paul contends it has no duty under the St. Paul Policy to defend Vendini in the

1 *Lim* action.

2 26. St. Paul is informed and believes that Vendini contends St. Paul is obligated under  
3 the St. Paul Policy to provide a defense to Vendini in connection with the *Lim* action.

4 27. St. Paul desires a judicial determination of its rights and duties under the St. Paul  
5 Policy, if any, with respect to whether it has a duty to defend Vendini against the claims made in  
6 the *Lim* action.

7 28. A judicial determination is necessary and appropriate at this time under the  
8 circumstances in order that the parties may ascertain their rights and duties as aforementioned.  
9 Said controversy is incapable of resolution without judicial adjudication. Accordingly, St. Paul  
10 has no plain, speedy and adequate remedy at law, and requests a declaratory judgment, adjudging  
11 that St. Paul has no duty to defend Vendini under the St. Paul Policy in connection with the *Lim*  
12 action.

13 **SECOND CLAIM FOR RELIEF – DECLARATORY JUDGMENT**

14 **(CLAIM FOR DUTY TO INDEMNIFY)**

15 29. St. Paul incorporates herein by reference, as if fully restated, paragraphs 1 through  
16 28 above.

17 30. An actual controversy has arisen and now exists between St. Paul, on the one  
18 hand, and Vendini, on the other hand, concerning their respective rights and duties under the St.  
19 Paul Policy.

20 31. St. Paul contends it has no duty under the St. Paul Policy to indemnify Vendini for  
21 any judgments or settlements in the *Lim* action.

22 32. St. Paul is informed and believes that Vendini contends St. Paul is obligated to  
23 indemnify it for any sums up to the policy limits that Vendini becomes legally required to pay in  
24 the *Lim* action.

25 33. St. Paul desires a judicial determination of its rights and duties under the St. Paul  
26 Policy, if any, with respect to St. Paul's obligation to indemnify Vendini for judgments or  
27 settlements in connection with the claims made against Vendini in the *Lim* action.

28 34. A judicial determination is necessary and appropriate at this time under the

1 circumstances in order that the parties may ascertain their rights and duties as aforementioned.  
 2 Said controversy is incapable of resolution without judicial adjudication. Accordingly, St. Paul  
 3 has no plain, speedy and adequate remedy at law, and requests a declaratory judgment, adjudging  
 4 that St. Paul has no duty under the St. Paul Policy to indemnify Vendini for any judgment or  
 5 settlement of the claims made against Vendini in the *Lim* action.

6 **THIRD CLAIM FOR RELIEF –**

7 **REIMBURSEMENT OF DEFENSE COSTS**

8 35. St. Paul incorporates herein by reference, as if fully restated, paragraphs 1 through  
 9 34 above.

10 36. St. Paul has no duty under the St. Paul Policy to afford a defense for some or all of  
 11 the claims asserted in the *Lim* action. Therefore, St. Paul has an equitable and quasi-contractual  
 12 right to be reimbursed by Vendini for some or all attorneys' fees, costs, and other expenses which  
 13 may be paid or incurred by St. Paul in the defense of the *Lim* action, pursuant to *Buss v. Superior*  
 14 *Court*, 16 Cal.4th 35, 65 Cal.Rptr.2d 366, 939 P.2d 766 (1997), and *Scottsdale Ins. Co. v. MV*  
 15 *Transportation*, 36 Cal.4th 643, 31 Cal.Rptr.3d 147, 115 P.3d 460 (2005), and related cases.

16 **FOURTH CLAIM FOR RELIEF –**

17 **REIMBURSEMENT OF INDEMNITY PAYMENTS**

18 37. St. Paul incorporates herein by reference, as if fully restated, paragraphs 1 through  
 19 36 above.

20 38. St. Paul has no duty under the St. Paul Policy to indemnify Vendini for amounts it  
 21 may become legally required to pay in connection with any judgment or settlement in the *Lim*  
 22 action. Therefore St. Paul has an equitable and quasi-contractual right to be reimbursed by  
 23 Vendini for any indemnity payments St. Paul may make in connection with the *Lim* action,  
 24 pursuant to *Blue Ridge Ins. Co. v. Jacobsen*, 25 Cal.4th 489, 106 Cal.Rptr.2d 535, 22 P.3d 313  
 25 (2001), and related cases.

26 **PRAYER FOR RELIEF**

27 WHEREFORE, plaintiff St. Paul Fire and Marine Insurance Company prays for relief as  
 28 follows:

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1           1.     For a judgment that, by reason of the terms, conditions, exclusions and limitations  
2 of the St. Paul Policy, St. Paul has no duty to defend Vendini, Inc. against the claims asserted in the  
3 *Lim* action;

4           2.     For a judgment that, by reason of the terms, conditions, exclusions and limitations  
5 of the St. Paul Policy, St. Paul has no duty to indemnify Vendini, Inc. for any judgment that may be  
6 rendered against it, or for settlements entered into, in connection with the *Lim* action;

7           3.     For a judgment that, by reason of the terms, conditions, exclusions and limitations  
8 of the St. Paul Policy, St. Paul is entitled to restitution and reimbursement from Vendini, Inc. for  
9 some or all sums it may expend for Vendini's defense in the *Lim* action;

10          4.     For a judgment that, by reason of the terms, conditions, exclusions and limitations  
11 of the St. Paul Policy, St. Paul is entitled to restitution and reimbursement from Vendini, Inc. for  
12 some or all sums it may expend for settlement or satisfaction of a judgment in the *Lim* action;

13          5.     On all causes of action, for interest, including prejudgment interest;

14          6.     On all causes of action, for costs incurred herein; and

15          7.     For such other and further relief as the Court deems just and proper.

16  
17 DATED: February 18, 2014

SEDGWICK LLP

18  
19 By: /s/ Bruce D. Celebrezze

Bruce D. Celebrezze  
Attorneys for Plaintiff  
ST. PAUL FIRE AND MARINE  
INSURANCE COMPANY

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**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, plaintiff St. Paul Fire and Marine Insurance Company hereby demands a jury trial for this action.

DATED: February 18, 2014

SEDGWICK LLP

By: /s/ Bruce D. Celebrezze

Bruce D. Celebrezze  
Attorneys for Plaintiff  
ST. PAUL FIRE AND MARINE  
INSURANCE COMPANY

Sedgwick<sup>LLP</sup>

## EXHIBIT A

## DISCLOSURE NOTICE

### TERRORISM RISK INSURANCE ACT OF 2002

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury - in concurrence with the Secretary of State and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The premium charge shown below is for coverage under this policy for insured losses covered by the Act. This terrorism premium does not include any charges for the portion of insured losses covered by the federal government under the Act.

If \$0 is shown below for the certified acts of terrorism premium charge, this policy provides such terrorism coverage for no premium charge.

The certified acts of terrorism premium charge shown below applies to all coverage under this policy for Insured Losses covered by the Act that you purchased for a premium charge. For any insuring agreement or coverage part for which you did not purchase such terrorism coverage, this policy may include one or more terrorism exclusions that apply to certified acts of terrorism. Under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007, the applicable definition of certified acts of terrorism no longer requires that the act of terrorism be committed on behalf of a foreign person or foreign interest. Therefore, each such exclusion is not limited to an act of terrorism committed on behalf of a foreign person or interest.

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**Name of Insured:** VENDINI, INC.

**Policy Number:** ZLP-11R18933-12-I4

**Effective Date:** 09/11/12

**Certified Acts Of Terrorism Premium Charge:** \$901.00

**Processing Date:** 09/07/12 10:12 001

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**POLICY INFORMATION**

THIS IS NOT A BILL.



YOUR POLICY IS DIRECTLY BILLED. IF THIS IS A POLICY CHANGE,  
THE ADDITIONAL OR RETURN PREMIUM WILL BE SHOWN ON FUTURE  
INSTALLMENT BILLINGS. IF ALL INSTALLMENTS HAVE BEEN BILLED,  
THE PREMIUM CHANGE WILL BE BILLED OR CREDITED PROMPTLY.  
A BILL WILL BE SENT TO:

THE INSURED

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**Company:** ST. PAUL FIRE & MARINE INSURANCE COMPANY
 

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VENDINI, INC.  
660 MARKET STREET  
SUITE 400  
SAN FRANCISCO CA 94104

**Policy Inception/Effective Date:** 09/11/12**Policy Number:**

ZLP-11R18933-12-I4

**Agency Number:** 0408122**Transaction Type:**

RENEWAL OF POLICY

**Transaction Number:** 001**Processing Date:** 09/07/12 10:12

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WOODRUFF-SAWYER & CO  
50 CALIFORNIA ST FL 12  
SAN FRANCISCO CA 94111

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Policy Number	Description	Amount	Surtax/ Surcharge
11R18933	SERIES 1000 POLICY	\$10,179.00	
11R18933	UMBRELLA EXCESS LIABILITY	\$2,645.00	

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THIS POLICY IS FULL PAY.  
A PAYMENT SCHEDULE/BILL WILL FOLLOW SHORTLY.

INSURED COPY

INSURED COPY

**IMPORTANT NOTICE - INDEPENDENT AGENT AND BROKER  
COMPENSATION**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

For information about how Travelers compensates independent agents and brokers, please visit [www.travelers.com](http://www.travelers.com), call our toll-free telephone number, 1-866-904-8348, or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.



## WHY YOU SHOULD REPORT LOSSES TO US PROMPTLY

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Reporting new losses, claims, or potential claims to us promptly can be critical. It helps us to resolve covered losses or claims as quickly as possible and often reduces their overall cost. Prompt reporting:

- Better protects your interests.
- Helps us to try to resolve losses or claims more quickly and to everyone's satisfaction - yours, any claimant's and ours.

*Use the What To Do If You Have A Loss form that is a part of your policy to help you promptly report losses, claims, or potential claims. That form outlines the information that must normally be submitted as part of the reporting process. It describes the duties you and other persons or organizations protected under your policy have if your policy provides:*

- *Property protection and there is a loss that may be covered under that protection; or*
- *Liability protection and an accident, act, error, event, incident, offense, or omission happens or is committed that may result in liability damages or other amounts which may be covered under that protection.*

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To report losses, claims, or potential claims to us, we can be contacted easily and quickly through our Web site.

**WWW.TRAVELERS.COM**

Our online site for reporting losses, claims, and potential claims has been designed to be as simple and user-friendly as possible. In fact, the site can even remember key information so that you don't have to continually re-enter the same data over and over again. If you report your loss, claim, or potential claim online, you will immediately receive a claim tracking number and be able to print a copy of the report for your records.

**You can also report losses, claims or potential claims to us by phone, unless your policy requires written notice or reporting.**

**1-800-238-6225**

When reporting a loss, claim, or potential claim by phone, our toll-free phone number is the only number you will need to know. Available 24 hours a day, seven days a week, our call center representatives will transmit your information to a claim representative who understands your business.

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This is a general description of how to report a loss, claim, or potential claim under your policy. This description does not replace or add to the terms of your policy. Your policy alone determines the scope of your insurance protection. Please read it carefully for complete information on your coverage. You should contact your agent or broker if you have any questions about your coverage.





POLICY NUMBER: ZLP-11R18933-12-I4

COMMERCIAL AUTO  
ISSUE DATE: 09/11/12

## **CALIFORNIA AUTO BODY REPAIR CONSUMER BILL OF RIGHTS**

**Named Insured/Applicant:** VENDINI, INC.

**Company:** ST. PAUL FIRE & MARINE INSURANCE COMPANY

A CONSUMER IS ENTITLED TO:

1. SELECT THE AUTO BODY REPAIR SHOP TO REPAIR AUTO BODY DAMAGE COVERED BY THE INSURANCE COMPANY. AN INSURANCE COMPANY SHALL NOT REQUIRE THE REPAIRS TO BE DONE AT A SPECIFIC AUTO BODY REPAIR SHOP.
2. AN ITEMIZED WRITTEN ESTIMATE FOR AUTO BODY REPAIRS AND, UPON COMPLETION OF REPAIRS, A DETAILED INVOICE. THE ESTIMATE AND THE INVOICE MUST INCLUDE AN ITEMIZED LIST OF PARTS AND LABOR ALONG WITH THE TOTAL PRICE FOR THE WORK PERFORMED. THE ESTIMATE AND INVOICE MUST ALSO IDENTIFY ALL PARTS AS NEW, USED, AFTERMARKET, RECONDITIONED, OR REBUILT.
3. BE INFORMED ABOUT COVERAGE FOR TOWING AND STORAGE SERVICES.
4. BE INFORMED ABOUT THE EXTENT OF COVERAGE, IF ANY, FOR A REPLACEMENT RENTAL VEHICLE WHILE A DAMAGED VEHICLE IS BEING REPAIRED.
5. BE INFORMED OF WHERE TO REPORT SUSPECTED FRAUD OR OTHER COMPLAINTS AND CONCERNS ABOUT AUTO BODY REPAIRS.

### **COMPLAINTS WITHIN THE JURISDICTION OF THE BUREAU OF AUTOMOTIVE REPAIR**

Complaints concerning the repair of a vehicle by an auto body repair shop should be directed to:

Toll Free (800) 952-5210  
California Department of Consumer Affairs  
Bureau of Automotive Repair  
10240 Systems Parkway  
Sacramento, CA 95827

The Bureau of Automotive Repair can also accept complaints over its web site at: [www.autorepair.ca.gov](http://www.autorepair.ca.gov)

### **COMPLAINTS WITHIN THE JURISDICTION OF THE CALIFORNIA INSURANCE COMMISSIONER**

Any concerns regarding how an auto insurance claim is being handled should be submitted to the California Department of Insurance at:

(800) 927-HELP or (213) 897-8921  
California Department of Insurance  
Consumer Services Division  
300 South Spring Street  
Los Angeles, CA 90013

The California Department of Insurance can also accept complaints over its web site at: [www.insurance.ca.gov](http://www.insurance.ca.gov)



**IMPORTANT NOTICE -  
CLAIM REPORTING TELEPHONE NUMBER**

**NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.**

Report Claims Immediately by Calling \*  
1-800-238-6225

Speak directly with a claim professional  
24 hours a day, 365 days a year

\* Unless your policy requires written notice or reporting



**TECHNOLOGY VISIONPAK  
INTRODUCTION**



This policy protects against a variety of losses. There are also some restrictions. We've written this policy in plain, easy-to-understand English. We encourage you to read it carefully to determine what is and what is not covered, as well as the rights and duties of those protected.

Policy Number: ZLP-11R18933-12-I4

GREENWOOD VILLAGE  
SUITE 180  
6060 S WILLOW DR  
GREENWOOD VILLAGE CO 80111

In return for your premium, we'll provide the protection stated in this policy.

We, us, our, and ours mean **St. Paul Fire and Marine Insurance Company**. We're a capital stock company located in St. Paul, Minnesota.

The words you, your, and yours mean the insured named here, which is a

CORPORATION  
VENDINI, INC.  
660 MARKET STREET  
SUITE 400  
SAN FRANCISCO CA 94104

Your policy is composed of General Rules, an explanation of What To Do If You Have A Loss, one or more Coverage Summaries, and one or more Insuring Agreements explaining your coverage. It may also include one or more endorsements. Endorsements are documents that change your policy. The Policy Forms List shows all the forms included when this policy begins.

One of our authorized representatives will also countersign the policy.

This policy will begin on 09/11/12 and will continue until 09/11/13

Your former policy number is automatically replaced: VP09403776

Your premium for the policy period shown is: \$12,824.00

However, please refer to the Premiums section of the General Rules to see how final premiums are determined.

INCLUDES UMBRELLA EXCESS PREMIUM

Our authorized representative is:

0408122  
WOODRUFF-SAWYER & CO  
50 CALIFORNIA ST FL 12  
SAN FRANCISCO CA 94111

*Brian MacLean*  
President

*Wendy C. Shy*  
Secretary

Authorized Representative

Date

Processing Date 09/07/12 10:12 001



**POLICY FORM LIST**

Here's a list of all forms included in your policy, on the date shown below. These forms are listed in the same order as they appear in your policy.

Title	Form Number	Edition Date
Disclosure Notice Terrorism Risk Insurance Act Of 2002	D0100	03-09
Technology VisionPak Introduction (Fire & Marine)	VP021	03-99
Policy Form List	40705	05-84
General Rules	40701	08-03
California Required Endorsement	40769	06-11
Illinois Required Endorsement	40519	06-11
Massachusetts Required Endorsement	40735	01-08
Commercial Auto Required Endorsement - California	44270	06-11
What To Do If You Have A Loss	40814	08-03
Cap On Losses From Certified Acts Of Terrorism Endorsement	D0144	01-08
Premier Property Protection Employee Theft Welfare And Pension Plan Endorsement	F0147	12-04
Technology VisionPak Information Technology Premier Property Protection Coverage Summary	VP001	05-02
Technology VisionPak Information Technology Premier Property Protection Scheduled Locations Coverage Summary	VP002	03-99
Technology VisionPak Information Technology Premier Property Protection Additional Benefits Coverage Summary	VP003	01-02
Technology VisionPak Information Technology Premier Property Protection	VP004	01-02
Technology VisionPak Information Technology Premier Property Protection Blanket Earnings And Expense Coverage Summary	VP005	03-99
Technology VisionPak Information Technology Premier Property Protection Blanket Earnings And Expense Endorsement	VP006	01-02
Premier Property Protection Amendment To Blanket Earnings And Expense Endorsement	VP020	03-99
Property Protection Coverage Summary Continued - Equipment Breakdown Coverage	42497	08-90
Equipment Breakdown Endorsement	42486	08-90
Mold Or Bacteria Exclusion With Named Perils Exception Endorsement	F0295	04-02
Virus Or Bacteria Exclusion Endorsement	F0459	03-07
Property Protection Deductible And Unintentional Errors And Omissions Change Endorsement	F0423	07-05
Technology VisionPak Commercial General Liability Protection Coverage Summary	VP034	01-02
Technology VisionPak Commercial General Liability Protection Asbestos Exclusion Endorsement	VP033	01-02
Unsolicited Communication Exclusion Endorsement	G0468	03-02
Mobile Equipment Subject To Compulsory Or Financial Responsibility Insurance Laws Or Scheduled Under Your Auto...	G0692	08-04
Technology VisionPak Personal Injury And Advertising Injury Endorsement	G0719	12-04
Employee Benefit Plans Administration Liability Protection -Claims-Made Coverage Summary	VP037	09-06
	43532	01-96

Name of Insured	Policy Number ZLP-11R18933-12-I4	Effective Date 09/11/12
VENDINI, INC.	Processing Date 09/07/12 10:12 001	

40705 Ed. 5-84

Form List

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TRV-POL 015



Employee Benefit Plans Administration Liability Protection	43475	01-96
-Claims-Made		
Employment-Related Practices Exclusion Endorsement -	L0436	09-01
Employee Benefit Plans Administration Liability		
Auto Coverage Summary	44460	04-91
Auto Coverage Summary - Continued	44462	04-91
Liability Protection For Autos You Don't Own	44471	04-91
Autos Rented By Employees Endorsement	A0173	12-99
Mobile Equipment Subject To Compulsory Or Financial	A0308	12-04
Responsibility Insurance Laws Redefined As Autos		
Endt.-Liab. Protect		
Auto Physical Damage Protection	44455	07-96
Technology Umbrella Excess Liability Protection Coverage	47273	07-01
Summary		
Umbrella Excess Liability Protection Schedule Of Basic	47123	04-91
Insurance		
Technology Umbrella Excess Liability Protection	47268	07-01
Asbestos Exclusion Endorsement - Umbrella Excess Liability	E0199	03-02
Unsolicited Communication Exclusion Endorsement - Umbrella	E0246	08-04
Excess Liability		
Auto Liability Limitation Endorsement - Umbrella Excess	47200	11-05
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Foreign Liability Limitation Endorsement Umbrella Excess	47229	04-91
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Responsibility Insurance Laws Or Scheduled Under Your		
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Liability		
Excess Errors And Omissions Liability	47339	02-92
Protection-Claims-MadeCoverage Summary		
Excess Errors And Omissions Liability Protection-Claims-Made	47338	02-92

**GENERAL RULES**

This form contains various rules that apply to your policy. It and the rest of your policy should be read carefully to determine:

- the extent of the coverage provided by your policy; and
- the rights and duties of you and any other person or organization protected under your policy.

<b>Table of Contents</b>	<b>Page</b>	<b>Policy Period</b>
Special Rights And Duties Of The First Named Insured	1	Insuring agreements or endorsements in your policy begin on your policy's effective date at 12:01 a.m. at the address shown for you in the Introduction of your policy. But if your policy replaces a policy that ends at noon, rather than 12:01 a.m., coverage under your policy begins on your policy's effective date at noon at such address.
Policy Period	1	
Policy Changes	1	
Premiums	2	
Estimates.	2	
Additional or return premium.	2	
Your bill.	2	
Our Right To Inspect And Audit	3	
Cancellation	3	Insuring agreements or endorsements added to your policy after your policy's effective date begin on their respective effective dates at 12:01 a.m. at the address shown for you in the Introduction of your policy.
By the first named insured.	3	
By us.	3	
Return premium.	3	
Fraud And Misrepresentation	4	
If you commit fraud or misrepresentation.	4	Coverage under your policy ends on your policy's expiration date at 12:01 a.m. at the address shown for you in the Introduction of your policy. But if all or part of your policy is canceled for any reason before that date, the canceled coverage will end on the cancellation date at 12:01 a.m. at such address.
If other persons or organizations commit fraud or misrepresentation.	4	
Unintentional errors or omissions.	4	
Assignments And Transfers	4	
Lawsuits Against Us	5	
If your policy provides property or other first-party protection.	5	
If your policy provides liability protection.	5	
Recovering Damages From A Third Party	5	<b>Policy Changes</b>
Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection	5	Your policy contains all of the agreements between you and us concerning the coverage provided by your policy and can be changed only as described in this rule.
Bankruptcy Or Insolvency Of Any Person Or Organization Protected Under Liability Protection	6	
How Statutory Or Regulatory Law Affects Your Policy	6	We can make changes in our standard insurance policy forms from time to time. Such changes must conform to applicable law and may be filed with insurance regulatory authorities for approval.

**Special Rights And Duties Of The First Named Insured**

When more than one insured is named in the Introduction of your policy, the first named insured has special rights and duties. Those rights and duties are explained in the following General Rules:

- Cancellation.
- Policy Changes.
- Premiums.

If we make any such change, while your policy is in effect, that:

- would broaden or extend the coverage your policy provides; and
- can be legally added to your policy without increasing your premium; you'll automatically receive the benefit of the broadened or extended coverage beginning at:
  - 12:01 a.m.; or

- noon, if coverage under your policy otherwise begins at that time;
- on the effective date of the change at the address shown for you in the Introduction of your policy.

If we make any such change before your policy begins and that change still applies to a standard insurance policy form which:

- is part of your policy when your policy begins; or
- is made part of your policy after your policy's effective date;

you'll automatically receive the benefit of that broadened or extended coverage beginning at the time and on the effective date that form is, or is made, part of your policy.

We don't have to provide any written notice, or a written form that's made part of your policy, for you to receive such benefits.

We can make other changes in your policy and, with our consent, the first named insured can make changes in your policy too. But such changes can be made only with a written form that:

- is made part of your policy; and
- is signed by us or one of our authorized representatives.

### Premiums

We compute the premium for your policy in accordance with our rules and rates which apply to your policy.

**Estimates.** All or part of your premium may be based on estimates.

If estimates are used, your policy will contain an endorsement, summary, or other form that shows:

- we used estimates; and
- when and how we'll compute your actual premium.

We'll compute your actual premium, when complete information is available, at the end of:

- the policy period;
- each one-year period that's part of the policy period, if the policy period is longer than one year; and
- any interim audit period that's shorter than one year, if an interim audit period applies during the policy period.

For each such period, we'll compute your actual premium in accordance with our rules and rates which apply to your policy and for that period.

If your actual premium is:

- more than the estimated premium you've paid, you'll owe us the difference; or
- less than the estimated premium you've paid, we'll return the difference;

except as described in the Additional or return premium section.

You must keep accurate records of the information we'll need to compute your actual premium. Your agent or broker can explain the type of records we'll need. The first named insured must mail, deliver, or otherwise give to us a copy of those records when we request them.

However, we don't have to request or use any records to compute your actual premium if we determine, in accordance with our rules and rates which apply to your policy, that your premium based on estimates is your actual premium.

**Additional or return premium.** We or your agent or broker will tell the first named insured about any additional or return premium for your policy.

However, we won't charge an additional premium, or refund a return premium, for any difference in premium of \$15 or less that results from:

- your actual premium being more or less than the estimated premium you've paid; or
- any change made in your policy, including any cancellation of all or part of your policy by you or us.

But we'll refund a return premium of \$15 or less for your policy if the first named insured requests that we do so. We'll apply this rule for waiving additional or return premiums separately each time your policy is changed.

In any event, your policy premium won't be less than the minimum policy premium we're allowed to charge in accordance with our rules and rates which apply to your policy.

**Your bill.** The first named insured:

- will be the one we'll bill for all premiums for your policy;

- is responsible for paying all premiums for your policy when due; and
- will be the one to whom we'll pay any return premium for your policy.

The due date for each premium owed us for your policy is the date shown as the due date on your bill for that premium.

If the first named insured is also the first named insured under:

- any other policy with us; or
- any policy with any of our affiliated insurance companies;

we may bill, under one statement, the premium for:

- your policy; and
  - any or all of those other policies;
- regardless of their type, what they cover, or their policy periods.

If we bill the premium for such policies under one statement:

- we may adjust your bill under that statement to reflect the total of any additional or return premium for any or all of those policies;
- we'll apply any partial payment of the minimum premium due under your bill proportionately to each of those policies unless the first named insured requests at the time of such payment that we apply it differently; and
- for any of those policies with a return premium, the first named insured may request that we refund such premium with a separate payment.

#### **Our Right To Inspect And Audit**

You must allow us to inspect your property and operations during normal business hours while your policy is in effect.

However, we aren't required to:

- make any such inspection; or
- guarantee that your property or operations are safe, or conform to any code, law, regulation, or standard;

except as required by any applicable state or municipal code, law, regulation, or standard for the certification of boilers, pressure vessels, or elevators.

This rule also applies to any person or organization that makes insurance

inspections, surveys, reports, or recommendations for us.

You also must allow us to examine, audit, and make copies of your financial books and records that relate to the coverage provided by your policy at any time up to three years after your policy ends.

#### **Cancellation**

**By the first named insured.** The first named insured can cancel all or part of your policy at any time before your policy's expiration date with an advance notice of cancellation to us or one of our authorized representatives.

To cancel, the first named insured:

- must deliver to us or one of our authorized representatives; or
- must mail to us, if such delivery isn't possible;

your policy, or the part of your policy to be canceled, and must provide the date the cancellation will be effective.

**By us.** We can cancel all or part of your policy at any time before your policy's expiration date.

If we cancel, the first named insured:

- is responsible for receiving the cancellation notice from us for you; and
- will be the one to whom we'll mail or deliver the cancellation notice.

Also, we'll mail or deliver the cancellation notice to the first named insured at least:

- 10 days, if we're canceling for nonpayment of premium; or
- 30 days, if we're canceling for any other reason;

before the date the cancellation will be effective.

If the cancellation notice is mailed, proof of mailing to the first named insured's last mailing address known to us will be considered proof that the first named insured received such notice.

**Return premium.** We'll compute, in accordance with our rules and rates which apply to your policy, the cancellation return premium, if any, on a pro rata basis. But for a cancellation by the first named

insured, we may compute any such premium on less than a pro rata basis.

As soon as possible, we'll refund any cancellation return premium, except as described in the Additional or return premium section of the Premiums section, to the first named insured.

However, the cancellation will be effective regardless of whether or not we've made or offered such a refund.

### **Fraud And Misrepresentation**

**If you commit fraud or misrepresentation.** If, before or after a loss, you:

- hide any important information from us;
- mislead, lie to, or defraud us; or
- attempt any such actions;

about any matter concerning the coverage provided by your policy, we can consider your policy to be void for you and all other persons and organizations protected under your policy.

We'll consider such fraud or misrepresentation committed by any of the following to also be committed by you:

- Your spouse if you're an individual.
- Any of your partners or co-venturers, or their spouses, if you're a partnership or joint venture.
- Any of your members or managers if you're a limited liability company.
- Any of your trustees if you're a trust.
- Any of your shareholders if you're a professional association.
- Any of your appointed or elected officials if you're a public entity or tribal government.
- Any of your directors or executive officers if you're a corporation or an other organization.

**If other persons or organizations commit fraud or misrepresentation.** If, before or after a loss, any person or organization protected under your policy, other than you and the persons and organizations described in the last paragraph of the If you commit fraud or misrepresentation section:

- hides any important information from us;
- misleads, lies to, or defrauds us; or
- attempts any such actions;

about any matter concerning the coverage provided by your policy, we can consider your policy to be void for only that person or organization.

We'll consider such fraud or misrepresentation committed by any of the following to also be committed by any such organization protected under your policy:

- Any of its partners or co-venturers if that organization is a partnership or joint venture.
- Any of its members or managers if that organization is a limited liability company.
- Any of its trustees if that organization is a trust.
- Any of its shareholders if that organization is a professional association.
- Any of its appointed or elected officials if that organization is a public entity or tribal government.
- Any of its directors or executive officers if that organization is a corporation or an other organization.

**Unintentional errors or omissions.** We won't consider errors or omissions that are unintended by:

- you; and
- all other persons and organizations protected under your policy that are described in the last paragraph of the If you commit fraud or misrepresentation section and commit such errors or omissions;

to be fraud or misrepresentation as described in that section.

Also, we won't consider errors or omissions that are unintended by:

- all other persons and organizations protected under your policy; and
- all persons and organizations described in the last paragraph of the If other persons or organizations commit fraud or misrepresentation section;

that commit such errors or omissions to be fraud or misrepresentation as described in that section.

### **Assignments And Transfers**

Neither you nor any other person or organization protected under your policy can assign, transfer, or otherwise turn over, your interest in it without consent from us in a written form that's made part of your policy.

However, if you're an individual named insured and you die:

- your legal representatives will have your rights and duties under your policy, but only while acting within the scope of their duties as your legal representatives; and
- until such legal representatives are appointed, any person or organization that properly has temporary custody of your property will have your rights and duties concerning that property under your policy.

### **Lawsuits Against Us**

No person or organization can sue us to recover under your policy unless all of your policy's terms have been fully complied with.

**If your policy provides property or other first-party protection.** Any suit to recover on a loss under any property or other first-party protection provided by your policy must begin within two years after the date on which the direct physical loss or damage occurred to the property that's required to sustain such loss or damage for the loss to be covered under that protection.

**If your policy provides liability protection.** No person or organization can sue us to recover on a loss under any liability protection provided by your policy until the amount of the liability of a person or organization protected for that loss under your policy has been finally decided either by a judgment or by a written agreement signed by:

- us;
- the person or organization protected under your policy; and
- the person or organization making a claim or bringing a suit for the loss.

Once liability has been so determined, that person or organization making the claim or bringing the suit may be able to recover under your policy, up to the limit of coverage that applies. But such person or organization can't sue us directly or join us in a suit against that person or organization protected under your policy until liability has been so determined.

### **Recovering Damages From A Third Party**

You or other persons or organizations protected under your policy may also be

able to recover from others all or part of any loss for which we make a payment.

Any such right of recovery, and the proceeds of any settlement or judgment that may result from the exercise of that right, belongs to us.

For that reason, you and all other persons and organizations that:

- are protected under your policy; and
- are, or may be, involved in a loss for which we make, or may make, a payment; must do all that's possible after the loss to:
- preserve for us any such right of recovery or any such proceeds; and
- cooperate with us in any attempt to exercise any such right of recovery.

However, before any loss, you or any other person or organization protected under your policy may waive its right of recovery for the loss without our consent.

If we exercise our right of recovery under your policy and we recover more than we've paid, the excess amount will belong to the person or organization protected under your policy that had the loss. But we'll first deduct our recovery expenses from any such amount recovered by us.

### **Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection**

If your policy provides property or other first-party protection and you and we can't agree on the amount of a loss covered under that protection, the following procedure will be used to settle the dispute:

1. Either you or we will make a written demand for an appraisal of the covered loss amount in dispute.
2. Within 30 days of the demand, you and we will each select a competent and impartial appraiser and notify the other of the selection.
3. The appraisers will select a competent and impartial umpire. If they can't agree on an umpire, either of them may request that the selection be made by a judge of a court having jurisdiction.
4. The appraisers will each state separately their appraisal of the covered loss amount in dispute. If they can't agree on that amount, they'll submit their

appraisals to the umpire. The umpire's agreement to one of those appraisals will be binding.

5. You'll pay the fees of your appraiser. We'll pay the fees of our appraiser. Other costs of the appraisal, including the fees of the umpire, will be shared equally by you and us.

#### **Bankruptcy Or Insolvency Of Any Person Or Organization Protected Under Liability Protection**

If your policy provides liability protection, the bankruptcy or insolvency of:

- any person or organization protected under that liability protection; or
- any estate of that person;

won't relieve us of our obligations under such liability protection.

However, if such liability protection contains an exclusion or other coverage limitation for loss that results from such bankruptcy or insolvency, this rule doesn't change or eliminate that exclusion or other coverage limitation.

#### **How Statutory Or Regulatory Law Affects Your Policy**

Any part of your policy that conflicts with any requirement of statutory or regulatory law which applies is automatically changed to conform to that law.



**CALIFORNIA REQUIRED ENDORSEMENT**

This endorsement changes your policy to comply with, or otherwise respond to, California law.

Therefore, each change made by this endorsement applies only to the extent:

- required by California statutory or regulatory law; or
- specifically described in the part of this endorsement which makes that change.

As a result, if the address shown for you in the Introduction of your policy is outside California, each change that's made to comply with California statutory or regulatory law applies only if, and to the extent, your policy provides coverage for:

- a loss of or to, or that results from, property in California; or
- a loss that results from your operations in, or which affect, California; and such statutory or regulatory law applies to such coverage.

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send notice at least 10 days before coverage will end. If we're canceling for any other reason we'll send notice at least 30 days before coverage will end. The notice will state the reason for cancellation.

**How we can cancel policies in effect more than 60 days.** If your policy has been in effect more than 60 days, or is a continuous or renewal policy, we can cancel only for the following reasons:

**Cancellation**

The Cancellation section of the General Rules is replaced by the following.

You can cancel this policy in whole or in part at any time.

**How you can cancel.** To cancel this policy or any of its insuring agreements, you must deliver the policy, or the part you want canceled, to us or to any of our authorized agents. If this isn't possible, notify us by mail and include the date you want the policy or individual insuring agreement canceled. You'll get a refund for the unused premium, less a charge for early cancellation.

**How we can cancel policies in effect 60 days or less.** If your policy has been in effect 60 days or less, and is not a renewal or continuous policy, we can cancel for any reason during this period. If we do, we'll mail or deliver a notice of cancellation to the first named insured. If we're canceling because of nonpayment of premium or because we discovered that any person insured by this policy has committed fraud either in obtaining this policy or in submitting a claim under this policy, we'll

1. *Nonpayment of premium.* We can cancel if the first named insured fails to pay any premium or premium installment when due. This includes any installment of premium that was from a previous policy we issued that was due during the current policy period.
2. *Fraud or misrepresentation.* We can cancel if we discover that any person insured by this policy has committed fraud or made a material misrepresentation, either in obtaining this policy or in submitting a claim under this policy.
3. *Conviction of a crime.* We can cancel if you are convicted of a crime that increases any hazard you're insured against.
4. *Negligent acts.* We can cancel if we discover that you have committed a willful or extremely negligent act or omission that increases any hazard you're insured against.
5. *Failure to follow loss control requirements.* We may cancel if you or your representative fail to follow reasonable loss control requirements that you agreed to follow in order for us to issue your policy or give you certain premium rates.

6. *Determination by the Insurance Commissioner.* We can cancel this policy if the Commissioner Of Insurance determines that continuing this policy would put us in violation of California insurance laws, or jeopardize our being solvent. We can also cancel if the Insurance Commissioner determines that any loss of or change in our reinsurance affecting this policy would threaten our financial position.

7. *Change in the risk.* We can cancel if, after we have issued or renewed your policy, a change occurs in the risk we're protecting that increases the hazard we're insuring against. But this doesn't apply to a change that was expected or foreseen by us when we issued your policy. Nor does this apply if:

- the insured is an educational, religious, or other non-profit organization, as described in Section 676.10(a) of the California Insurance code; and
- the change in risk involves one or more losses caused by a hate crime, as described in Section 676.10(c) of the California Insurance Code, committed against the person or property of the insured.

If we cancel for nonpayment of premium or fraud or misrepresentation as described above, we'll mail a cancellation notice at least 10 days before coverage will end. If we cancel for any other reason, we'll mail or deliver the notice to the first named insured and the agent who sold this policy at least 30 days before coverage will end. The notice will state the exact reason for cancellation.

**Special cancellation rule for certain residential property.** If your policy covers:

- real property that is primarily used for residential purposes and consisting of not more than four dwelling units; and
- tenants' household personal property in a residential unit;

that has been in effect for at least 60 days, then the following applies:

We may not cancel this policy solely because the first named insured has:

- accepted an offer of earthquake coverage; or
- cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we'll cancel this policy if the first named insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

Nor will we cancel such coverage solely because corrosive soil conditions exist on the premises. This applies only if coverage is subject to Commercial Property Coverage Part - Causes Of Loss - Special Form, which excludes loss or damage caused by or resulting from corrosive soil conditions.

**Unused premium.** If this policy is cancelled, we'll send the first named insured a refund of any unused premium. The refund will be figured on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy. The cancellation will be effective even if we have not made or offered a refund.

**Nonrenewal.** If we decide not to renew or continue this policy, we'll mail a notice to the first named insured at least 60 days but not more than 120 days before the end of the policy period. The notice will show the reason for nonrenewal.

But we won't refuse to renew or continue this policy because of losses caused by a hate crime, as described in Section 676.10(c) of the California Insurance Code, committed against the person or property of the insured if the insured is an educational, religious, or other non-profit organization, as described in Section 676.10(a) of the California Insurance Code.

If state law requires us to give additional notices or changes our notice requirements, we will provide such additional notices or changes as needed.

If we offer to renew or continue your policy and you don't accept, the policy will expire at the end of the policy period. If we offer to renew your policy, and you fail to pay the required premium when due, we'll consider this to mean that you don't accept our offer.

If we fail to send proper notice of nonrenewal and you obtain other insurance, this policy will end on the date the other insurance takes effect.

We won't be required to send notice of nonrenewal in the following situations:

- If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
- If the policy has been extended for 90 days or less, provided that notice has been given in accordance with the following paragraph.
- If you have obtained replacement coverage, or if the first named insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- If the first named insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- If we have made a written offer to the first named insured, in accordance with the previously stated timeframes, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

**Special nonrenewal rule for certain residential property.** If your policy covers:

- real property that is primarily used for residential purposes and consisting of not more than four dwelling units; and
- tenants' household personal property in a residential unit;

we may elect not to renew such coverage for any reason except for the following.

We won't refuse to renew such coverage solely because the first named insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first named insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- The Commissioner of Insurance finds that the exposure to potential losses

will threaten our solvency or place us in a hazardous condition. A hazardous condition includes a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- We have:
  - Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
  - Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- We will not refuse to renew such coverage solely because the first named insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.
- We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction applies only if coverage is subject to Commercial Property Coverage Part - Causes Of Loss - Special Form, which excludes loss or damage caused by or resulting from corrosive soil conditions.

**Mailing the notice.** Mailing the cancellation or nonrenewal notice to the first named insured's and agent's last address known to us will be considered proof you were notified.

### Premiums

The following is added to the Additional or return premium section of the Premiums section of the General Rules and changes that section as described.

We'll refund a return premium of \$15 or less even if the first named insured doesn't request that we do so.

### Fraud And Misrepresentation

If your policy provides property protection, the following replaces the first paragraph of the:

- If you commit fraud or misrepresentation; and
  - If other persons or organizations commit fraud or misrepresentation;
- sections of the General Rules, but only for that property protection.

For a loss caused by fire, we can deny coverage under the property protection provided by your policy for any person or organization protected under your policy that, before or after that loss, commits fraud, or intentionally conceals or misrepresents a material fact or circumstance, concerning:

- that property protection;
- a claim under that property protection;
- the covered property involved in that loss; or
- that person's or organization's interest in that covered property.

For a loss caused by a covered cause of loss other than fire, we can consider the property protection provided by your policy to be void for all persons and organizations protected under your policy if, before or after that loss, any such person or organization commits fraud, or intentionally conceals or misrepresents a material fact or circumstance, concerning:

- that property protection;
- a claim under that property protection;
- the covered property involved in that loss; or
- the interest of any person or organization protected under your policy in that covered property.

#### **Appraisal Of A Covered Property Loss Amount In Dispute Under Property Or Other First-Party Protection**

The following is added to the Appraisal Of A Covered Property Loss Amount In Dispute Under Property Or Other First-Party Protection section of the General Rules and changes that section as described.

The Appraisal Of A Covered Property Loss Amount In Dispute Under Property Or Other First-Party Protection section applies only if both you and we agree to a request for an appraisal. No demand can be made for an appraisal.

#### **Registered Domestic Partner**

Wherever the term spouse is used in any insuring agreement that is included in this policy, it is replaced by the phrase spouse or registered domestic partner under California law.

#### **Property Protection - Actual Cash Value**

If your policy includes property or inland marine insurance, the following is added to any insuring agreement that is an open policy and that uses the term actual cash value.

For a total loss of a covered building or structure we'll figure actual cash value as the fair market value of such building or structure.

For a partial loss of a covered building or structure, we'll figure actual cash value as the amount it would cost to repair, rebuild or replace such building or structure, less a fair and reasonable amount for deterioration or depreciation of the components of such building or structure that are normally subject to repair or replacement during its useful life, and based upon the condition of the property at the time of the loss or damage.

For a partial or total loss to covered property other than a building or structure, we'll figure actual cash value as the amount it would cost to repair or replace such covered property at the time of loss or damage with material of like kind and quality, less an amount for deterioration, depreciation, or obsolescence.

*Open policy* means an insuring agreement in which the value of the subject matter is not agreed upon, but is left to be ascertained in case of loss. This definition is in accordance with Section 411 of the California Insurance Code.

#### **Property Protection - Replacement Cost**

If your policy includes property or inland marine insurance, the following applies to any insuring agreement that is an open policy.

The Replacement cost, Property insured for replacement cost, or similarly titled section in the Rules For Loss Adjustment section of the insuring agreement is deleted and replaced by the following:

**Replacement cost.** For property covered on a replacement cost basis, we'll pay the necessary cost to repair or replace the lost or damaged property without deduction for depreciation. But we won't pay more than the least of the following:

- The amount you actually spend that's necessary to repair the damage.
- The amount you actually spend that's necessary to replace the lost or damaged property with new property of similar kind and quality that's used for the same purpose.
- The limit of coverage that applies to the lost or damaged property.

We won't pay on a replacement cost basis until lost or damaged property has actually been repaired or replaced. But, if you have reported a covered loss and have complied with all other related policy terms and conditions, we will pay on an actual cash value basis. If this payment does not exhaust the limit of coverage that applies, then we will pay the difference between the actual cash value and the replacement cost, up to the limit of coverage that applies, if the lost or damaged property is repaired or replaced:

- Within 12 months after our payment of the actual cash value; or

- Within 24 months after our payment of the actual cash value if the loss or damage is related to a state of emergency as described in Section 8558 of the Government Code.

We can extend the above time periods for good cause.

Regardless of the above, we can still deny the claim for any valid reason or restrict any payment if we suspect fraud.

If a covered building is rebuilt at a new location, we'll only pay the amount that would have been spent if the building had been rebuilt at the original location.

We won't consider the enforcement of any ordinance, regulation, or law governing the use, construction, repair, or demolition of any property, including removal of debris, to be a part of the cost of repair or replacement.

#### Other Terms

All other terms of your policy remain the same.





**ILLINOIS REQUIRED ENDORSEMENT**

This endorsement changes your policy to comply with, or otherwise respond to, Illinois law.

Therefore, each change made by this endorsement applies only to the extent:

- required by Illinois statutory or regulatory law; or
- specifically described in the part of this endorsement which makes that change.

As a result, if the address shown for you in the Introduction of your policy is outside Illinois, each change that's made to comply with Illinois statutory or regulatory law applies only if, and to the extent, your policy provides coverage for:

- a loss of or to, or that results from, property in Illinois; or
- a loss that results from your operations in, or which affect, Illinois; and such statutory or regulatory law applies to such coverage.

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2. *Fraud or misrepresentation.* We can cancel if we discover that the policy was obtained through fraud or a material misrepresentation.
3. *Breaking the rules of this policy.* We may cancel this policy if you violate any of this policy's rules.
4. *Change in the risk.* We can cancel if, after we have issued or renewed your policy, a change occurs in the risk we're protecting that measurably increases the hazard we're insuring against.
5. *Loss of reinsurance.* We may cancel if we lose reinsurance that provided coverage to us for all or a substantial part of your risk. This loss must be certified to the director of insurance.
6. *Determination by the Insurance Commissioner.* We may cancel this policy if the Commissioner Of Insurance determines that continuing this policy would put us in violation of this state's insurance laws.

If we cancel for any of these reasons, we'll mail a notice to you, your agent, and any mortgage holder. If we cancel for nonpayment of premium, we'll send the notice at least 10 days before coverage will end. If we cancel for any other reason, we'll send the notice at least 60 days before coverage will end. The notice will state the reason for cancellation. The notice will also show a date cancellation is to take effect. Coverage will end on that date.

**Unused premium.** As soon as possible, you'll get a refund of any unused premium you've paid. However, the cancellation will be effective whether or not you've been paid or offered the unused premium. If we cancel, the refund will be figured on a pro rata basis. If you cancel, the premium will be less than pro rata.

**Nonrenewal.** We may decide not to renew or continue this policy. If so, we'll mail a notice of nonrenewal to you and your agent at least 60 days before the expiration date of this policy. The notice will show the reason for nonrenewal.

But even if we don't follow this rule, your policy will end on the expiration date if:

- you don't pay the premium, or any installment that's due;
- we've agreed to renew this policy; or

- you've notified us or our agent that you don't want to renew this policy.

If we fail to send proper notice of nonrenewal, and you obtain other insurance, this policy will end on the effective date of that insurance.

**Mailing the notice.** Mailing the cancellation or nonrenewal notice to your, your agent's, and any mortgage holder's last address known to us will be considered proof you were notified.

If your policy includes an insuring agreement or endorsement that describes "mailing or delivering" a notice of cancellation or nonrenewal, the words "or delivering" are deleted.

**Special rule for certain real estate.** If your policy covers real property that's not residential property occupied by not more than four families and has been in effect for one year or is a renewal policy, we can cancel for any of the following reasons:

- failure to make required repairs 60 consecutive days or more after a fire loss has been adjusted with you. But this doesn't apply if a delay is caused by a labor dispute or weather conditions;
- if you leave a building unoccupied for 60 consecutive days. But this doesn't apply to buildings which are only occupied on a seasonal basis, or buildings that are under repair, construction, or reconstruction, and have been properly secured against unauthorized entry;
- if your building has been declared unsafe. Or if there's been an order to vacate the building, or an order for the building's demolition; or
- if your building has not had heat, light, water or sewer service for 30 or more consecutive days.

We will mail you a written notice of cancellation, using both certified mail and first-class mail. The cancellation will become effective no sooner than 10 days after you receive our written notice.

**Special rule for certain residential property.** If your policy covers residential property occupied by not more than four families and has been in effect for at least 60 days, we can only cancel or refuse to renew your policy for any of the following reasons:

- You hide any important information from us, mislead us, or attempt to defraud or lie to us about any matter concerning this insurance; or



- What we cover has measurably increased in hazard since we first agreed to write your policy.

If we cancel or refuse to renew for this reason, we'll send notice of cancellation or nonrenewal to you 60 days before coverage will end.

But this provision doesn't apply to glass coverage.

### **Fraud And Misrepresentation**

The following replaces the first paragraph of the:

- If you commit fraud or misrepresentation; or
- If other persons or organizations commit fraud or misrepresentation;

sections of the General Rules. However, this change doesn't apply to certain residential real or personal property. Instead, refer to the Fraud and misrepresentation section of the Property Protection - Residential Real Or Personal Property section in this Illinois Required Endorsement (40519).

We can consider your policy to be void for you and all other persons and organizations protected under your policy if, before or after a loss, you or any such person or organization:

- intentionally conceals or misrepresents any material fact or circumstance;
- engages in fraudulent conduct; or
- makes a false statement; about any matter concerning:
- the coverage provided by your policy; or
- any fact or circumstance material to the investigation of any loss under your policy.

### **Lawsuits Against Us - Property Or Other First-Party Protection**

The following is added to the If your policy provides property or other first-party protection section of the Lawsuits Against Us section of the General Rules and changes that section as described.

The two-year period in which a suit to recover on a loss must begin is lengthened by the number of days between the date you give us proof of loss and the date we deny coverage for the loss.

### **Property Protection - Acts Intended To Cause Loss Exclusion**

If your policy includes property or inland marine protection, the following is added to the Exclusions - Losses We Won't Cover section.

**Acts intended to cause loss.** We won't cover loss or damage caused by any act committed:

- by or at the direction of you or any protected person; and
- with the intent to cause a loss.

However, we won't use this exclusion to deny payment to an innocent protected person who did not cooperate in or contribute to the creation of the loss if:

- the loss was caused by a pattern of criminal domestic violence; and
- the perpetrator of the loss is criminally prosecuted for the act causing the loss.

But we won't pay more than the innocent protected person's financial interest in the covered property, less any payments we first make to a mortgagee or other party with a legal secured interest in the covered property.

### **Property Protection - Other Insurance**

If your policy includes property or other first-party protection, the following replaces the Other Insurance section. But this change does not apply if your property or other first-party protection is intended to apply on an excess basis and indicates such intent in its title.

Other insurance may apply to loss covered under this agreement. If the other insurance is subject to the same terms and conditions as this policy, we'll pay our pro rata portion of the covered loss or damage. Our share will be the same proportion of the loss that our limit of coverage bears to the total of all available limits. If the other insurance more specifically insures the property we'll pay the amount of the loss in excess of the amount due from that other insurance, regardless of whether you can collect on it. But we won't pay more than the limit of coverage under this agreement.

*Other insurance* means insurance, or the funding of losses, that's provided by, through, or on behalf of:

- another insurance company;
- any risk retention group;

- any self-insurance method or program, other than any funded by you and over which this agreement applies; or
- any similar risk transfer or risk management method.

#### **Property Protection - Residential Real Or Personal Property**

If your policy provides property protection that covers:

- real property used primarily for residential purposes up to and including four-family dwellings; or
- household or personal property that is usually used in the scope of occupancy for residential purposes;

the following changes apply only for that property protection.

#### **Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection.**

The following is added to the Appraisal Of A Covered Loss Amount In Dispute Under Property Or Other First-Party Protection section of the General Rules and changes that section as described:

We'll pay all fees of the appraisers, and the other costs of the appraisal, including the fees of the umpire, if:

- you requested the appraisal; and
- the covered loss amount determined by your appraiser was agreed to in full by our appraiser or by the umpire.

**Fraud and misrepresentation.** The following replaces the first paragraph of the:

- If you commit fraud or misrepresentation; and
- If other persons or organizations commit fraud or misrepresentation;

sections of the General Rules.

We can consider your property protection to be void for you and all other persons and organizations protected under your policy if:

1. your policy has been in effect for less than one year or one policy term, whichever period is shorter; and
2. in the process leading us to issue your policy, you or any such person or organization commits fraud, or conceals or misrepresents a fact, that is in your policy, or the written application for your policy, and:

was made with the intent to deceive us; or

materially affected the hazard we assumed or our decision to provide that property protection.

Also, we can consider your property protection to be void for you and all other persons and organizations protected under your policy if, at any time after your policy is issued, you or any such person or organization commits fraud, or conceals or misrepresents a fact, concerning:

- that property protection;
- a loss under that protection;
- the covered property under that protection;
- your interest in that covered property.

Regardless of the provisions in this section, we can cancel your policy as provided under the Cancellation section of this Illinois Required Endorsement (40519) if we discover the policy was obtained through fraud or a material misrepresentation.

#### **Civil Union**

Wherever the term spouse is used in any insuring agreement that is included in this policy, it is replaced by the phrase spouse or party to a civil union recognized under Illinois law.

#### **Liability Protection - Right And Duty To Defend A Protected Person Or Defending Lawsuits**

If your policy includes liability protection that includes a Right and duty to defend a protected person or Defending lawsuits section, the following is added to that section.

If we initially defend a protected person or pay for a protected person's defense but later determine that the claim or suit is not covered under this insurance, we'll have the right to reimbursement for the defense costs we have incurred.

The right to reimbursement for the defense costs under this provision will only apply to defense cost we have incurred after we notify you in writing that there may not be coverage, and that we are reserving our rights to terminate the defense and seek reimbursement for defense costs.

**Liability Protection - How The Limits Of Coverage Apply If A Total Limit Is Left Blank**

If your policy includes a liability insuring agreement that includes a How the total limits apply if a total limit is left blank section, the following is added to that section.

If the amount for a total limit is left blank in the Coverage Summary, we'll consider the limit shown on the application for this insurance to be that total limit. However, if no limit is shown on the application, we'll consider the total limit to be the amount described in this section.

**Liability Protection - Prejudgment Interest**

If your policy includes liability protection, the following is added to the What This Agreement Covers section. This change broadens coverage.

We'll also pay the prejudgment interest awarded against the protected person on that part of any judgment paid by us. And we'll consider such payment to be in addition to the limits of coverage. But if we make an offer to pay the limit of coverage that applies, we won't pay prejudgment interest that accumulates after the date of our offer.

**Liability Protection - Punitive Or Exemplary Damages Imposed As A Result Of Misconduct**

The following is added to the definition of damages if:

- your policy includes liability protection that contains a definition of damages; and
- the definition of damages includes punitive or exemplary damages imposed by law if such damages are insurable under the law that applies.

In addition, we won't consider damages to include punitive or exemplary damages imposed as a result of the misconduct of any protected person.

**Liability Protection - Claims-Made - Claim Information**

The following is added to the General Rules if your policy includes a claims-made liability insuring agreement which contains a Loss Information section.

We'll provide the first named insured the following information for any claims-made

insuring agreement which contains a Loss Information section, and any such preceding claims-made insuring agreement, we have issued to you during the previous three years:

- The date and description of the event on closed claims including the amount of payment, if any.
- The date and description of the event on open claims including the amount of payments and reserves, if any. Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.
- The date and description of each event you reported to us for which no amounts have been paid or reserved.

If we cancel or elect not to renew any such claims-made insuring agreements, we'll provide this information at the same time that we send the notice of cancellation or nonrenewal. Otherwise, we will provide this information only if we receive a request from the first named insured. If we do, we'll provide this information within 30 days of receipt of the request.

We collect this information for our own business purposes. We do so as carefully and accurately as we can. In giving this information to the first named insured, we don't make any promises or warranties to anyone that this information has no errors. Any cancellation or nonrenewal will take effect even if we accidentally provide incorrect information.

**Commercial General Liability Protection - Claims-Made - Extended Reporting Period**

If your policy includes Commercial General Liability Protection - Claims-made, the following is added to the When and how an extended reporting period can be added section.

If we cancel this agreement for nonpayment of premium, our cancellation notice to you will include the amount of the unpaid portion of the premium for the period this agreement was in effect.

**Umbrella Excess Liability Protection - Claims-Made - Extended Reporting Period**

If your policy includes Umbrella Excess Liability Protection - Claims-Made, the following is added to the Extended Reporting Period section of your agreement.

We'll figure the additional premium for the Extended Reporting Period Endorsement according to our rules and rates. But we won't charge more than 200% of the annual premium for the last policy year of this agreement.

**Commercial General Liability Protection Or Umbrella Excess Liability Protection - Claims-Made - Important Note - Retroactive Date**

If your policy includes Commercial General Liability Protection or Umbrella Excess Liability Protection with a Coverage Summary that contains an Important Note - Retroactive Date section, the following change applies.

The paragraph which says, "However, if no date is shown above and the claims-made agreement applies, we'll consider the retroactive date to be the same as the beginning date of this policy." is deleted.

**Employee Benefit Plans Administration Liability Protection - Claims-Made**

If your policy includes Employee Benefit Plans Administration Liability Protection - Claims-Made, the following is added to the When and how an extended reporting period can be added section.

If we cancel this agreement for nonpayment of premium, our cancellation notice to you will include the amount of the unpaid portion of the premium for the period this agreement was in effect.

**Liquor Liability Protection - Each Person Limit Of Coverage - Conformity To Illinois Law**

If your policy includes Liquor Liability Protection, the following is added to the Limits Of Coverage section of that insuring agreement.

In accordance with Section 235.5/6-21 of the Illinois Administrative Code, the most you may be legally required to pay as damages for:

- bodily injury;
  - loss of means of support or loss of society; or
  - property damage;
- that happens in Illinois and results from the selling, serving, or furnishing of any alcoholic beverage is limited to the amounts allowed by that law. Those amounts may be less than the limits of coverage available under this agreement.

As a result, the Each person limit:

- will apply in accordance with the amounts allowed by Section 235.5/6-21 of the Illinois Administrative Code; and
- will be automatically increased, if necessary, to comply with any increase in those amounts while this agreement is in effect;

but only for damages otherwise covered by this agreement. The Total limit remains the same.

**Product Recall Protection - Other Insurance**

If your policy includes Product Recall Protection, the following replaces the Other Insurance section.

There may be other insurance that applies to your covered expenses. If there is any valid and collectible other insurance that:

- reimburses you for covered expenses that are covered by this agreement; and
- wasn't bought specifically to apply in excess of the limits of coverage shown in the Coverage Summary;

we'll share with the other insurance any covered expenses that are covered by this agreement. If the other insurance has similar terms and conditions, we'll pay the portion of the covered expenses that is equal to our percentage of the total of all limits that apply. But we won't pay more than the limits of coverage that apply under this agreement.

If the other insurance more specifically applies to the covered expenses, we'll pay for covered expenses that are left after such other insurance has been used up, less the deductible and participation percentage. But we won't pay more than the applicable limit of coverage under this agreement.

*Other insurance* means insurance, or the funding of losses, that's provided by or through:

- another insurance company;
- us, except under this agreement;
- any of our affiliated companies;
- any risk retention group;
- any self-insurance method or program, other than any funded by you and over which this agreement applies; or
- any similar risk transfer management method.

**Real Estate Professional Liability And Producers' Or Distributors' Errors And Omissions Liability -**

**When And How An Extended Reporting Period Endorsement Can Be Added**

If your policy includes:

- Real Estate Professional Services Liability Protection - Claims-Made;
- Real Estate Agents Or Brokers Professional Liability Protection - Claims-Made; or
- Producers' Or Distributors' Errors And Omissions Liability Protection - Claims-Made;

the following replaces the second paragraph of the When and how an extended reporting period can be added section.

However, the Extended Reporting Period Endorsement won't take effect unless we

receive all of the following within 60 days after the ending date of this agreement, and you have fulfilled all other duties, and complied with all other conditions and requirements, under this agreement:

- A written request from you to purchase the Extended Reporting Period Endorsement.
- Payment of the additional premium for the Extended Reporting Period Endorsement.

**Other Terms**

All other terms of your policy remain the same.



**MASSACHUSETTS REQUIRED ENDORSEMENT**

This endorsement changes your policy to comply with, or otherwise respond to, Massachusetts law.

Therefore, each change made by this endorsement applies only to the extent:

- required by Massachusetts statutory or regulatory law; or
- specifically described in the part of this endorsement which makes that change.

As a result, if the address shown for you in the Introduction of your policy is outside Massachusetts, each change that's made to comply with Massachusetts statutory or regulatory law applies only if, and to the extent, your policy provides coverage for:

- a loss of or to, or that results from, property in Massachusetts; or
  - a loss that results from your operations in, or which affect, Massachusetts;
- and such statutory or regulatory law applies to such coverage.

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<b>Massachusetts Standard Fire Policy Provisions That Apply If Your Policy Provides Property Protection</b>	1	• only in connection with the coverage provided by your policy for those perils; and
Massachusetts Standard Fire Policy Provisions	1	• only in place of any other similar provisions in your policy to the extent those other similar provisions apply to that coverage.
<b>Other Massachusetts Provisions That Apply If Your Policy Provides Property Protection</b>	4	But if any of those other similar provisions is interpreted as being more favorable than the Massachusetts Standard Fire Policy Provisions that applies, we'll apply the more favorable interpretation.
Debts On Property	4	
Municipal Tax Debts	4	
Debts For Violations Of Building Health And Safety Laws	5	
<b>Other Changes</b>	5	Also, your policy doesn't have a Declarations form. Instead, it has an Introduction form and one or more coverage summaries. Your policy's Introduction form shows the named insured, policy period, and premium for your policy. The Coverage Summary for the property protection insuring agreement shows:
Property Protection - Buildings That Are Vacant	5	• the description and location of the covered property; and
Property Protection - If Your Building Is Mortgaged	5	• the limit of coverage which applies to that property.
Liquor Liability Protection - Cancellation	5	
<b>Other Terms</b>	6	

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**Massachusetts Standard Fire Policy Provisions That Apply If Your Policy Provides Property Protection**


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The following Massachusetts Standard Fire Policy Provisions apply if your policy provides property protection that covers loss or damage to covered property caused by the perils of fire, lightning, or removal from premises endangered by fire or lightning.

However, in accordance with Massachusetts law, we'll apply the Massachusetts Standard Fire Policy Provisions:

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**Massachusetts Standard Fire Policy Provisions**


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In consideration of the Provisions and Stipulations Herein or Added Hereto and of the Premium Specified in the Declarations, this company, for the term of years specified in the Declarations from inception date (At 12:01 A.M. Standard Time) to expiration date (At 12:01 A.M. Standard Time) at location of property involved, to an amount not exceeding the amount(s) specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but in no event for more than the interest of the insured, against all Loss By



Fire, Lightning And By Removal From Premises Endangered By The Perils Insured Against In This Policy, Except As Hereinafter Provided, to the property described in the Declarations while located or contained as described in this policy or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

**Concealment, Fraud.** This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

**Uninsurable And Excepted Property.** This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

**Perils Not Included.** This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in the neighboring premises; (j) nor shall this company be liable for loss by theft.

**Other Insurance.** Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

**Conditions Suspending Or Restricting Insurance.** Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring (a) while the hazard is increased by any means within the control or knowledge of the insured; or (b) while the described premises, whether intended for occupancy by owner or tenant, are vacant or unoccupied beyond a period of sixty consecutive days, for residential premises of three units or less and thirty (30) consecutive days for all other premises, or (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

**Other Perils Or Subjects.** Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

**Added Provisions.** The extent of the application of insurance under this policy and of the contribution to be made by this company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

**Waiver Provisions.** No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

**Cancellation Of Policy.** This policy shall be cancelled at any time at the request of the insured, in which case this company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this company by giving to the insured a five days written notice of cancellation, and to the mortgagee to whom this policy is payable twenty days written notice of cancellation except where the stated reason for cancellation is non-payment of premium where, in such



instance, this policy may be cancelled at any time by this company by giving to the insured a ten days written notice of cancellation, and the mortgagee a twenty days written notice of cancellation, with or without tender of the excess paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand and shall state or be accompanied by a statement of the specific reason or reasons for such cancellation. After this policy has been in effect for sixty days, or after sixty days from any anniversary date, no notice of cancellation shall be effective unless it is based on the occurrence, after the effective date of the policy, of one or more of the following: (1) nonpayment of premium; (2) conviction of a crime arising out of acts increasing the hazard insured against; (3) discovery of fraud or material misrepresentation by the insured in obtaining the policy; (4) discovery of willful or reckless acts or omissions by the insured increasing the hazard insured against; (5) physical changes in the property insured which result in the property becoming uninsurable; or (6) a determination by the commissioner that continuation of the policy would violate or place the insurer in violation of the law. Where the stated reason is nonpayment of premium, the insured may continue the coverage and avoid the effect of the cancellation by payment at any time prior to the effective date of cancellation.

#### **Mortgagee Interests And Obligations.**

Notwithstanding any other provisions of this policy, if this policy shall be made payable to a mortgagee of the covered real estate, no act or default of any person other than such mortgagee or his agent or those claiming under him, whether the same occurs before or during the term of this policy, shall render this policy void as to such mortgagee nor affect such mortgagee's right to recover in case of loss on such real estate; provided, that the mortgagee shall on demand pay according to the established scale of rate for any increase of risk not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy for which no liability exists as to the mortgagor, or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such

payment, the said mortgage together with the note and debt thereby secured.

**Pro Rata Liability.** This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved.

**Requirements In Case Loss Occurs.** The insured shall give immediate written notice to this company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed and damaged property, showing in detail the quantity, description, actual cash value and amount of loss claimed; and the insured shall forthwith render to this company a signed, sworn statement in proof of loss which sets forth to the best knowledge and belief of the insured the following: the time and cause of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupancy, location, possession or exposures of said property, since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and detailed estimates for repair of the damage. The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

**When Loss Payable.** In case of any loss or damage, the company within thirty days after the insured shall have submitted a statement, as provided in the preceding clause, shall either pay the amount for which it shall be liable, which amount if not

agreed upon shall be ascertained by award of referees as hereinafter provided, or replace the property with other of the same kind and goodness, or it may, within fifteen days after such statement is submitted, notify the insured of its intention to rebuild or repair the premises, or any portion thereof separately covered by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition. It is moreover understood that there can be no abandonment of the property described to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as provided above. The company shall be liable for the payment of interest to the insured at a rate of one percent over the prime interest rate on the agreed figure commencing thirty days after the date an executed proof of loss for such figure is received by the company, said interest to continue so long as the claim remains unpaid.

**Appraisal.** In case of loss under this policy and a failure of the parties to agree as to the amount of loss, it is mutually agreed that the amount of such loss shall be referred to three disinterested men, the company and the insured each choosing one out of three persons to be named by the other, and the third being selected by the two so chosen, and the award in writing by a majority of the referees shall be conclusive and final upon the parties as to the amount of loss or damage, and such reference, unless waived by the parties, shall be a condition precedent to any right of action in law or equity to recover for such loss; but no person shall be chosen or act as a referee, against the objection of either party, who has acted in a like capacity within four months.

**Suit.** No suit or action against this company for the recovery of any claim by virtue of this policy shall be sustained in any court of law or equity in this commonwealth unless commenced within two years from the time the loss occurred; provided, however, that if, within said two years, in accordance with the provisions of the preceding paragraph, the amount of the loss shall have been referred to arbitration after failure of the parties to agree thereon, the limitation of time for bringing such suit or action shall in no event be less than ninety days after a valid award has been made upon such reference or after such reference

or award has been expressly waived by the parties. If suit or action upon this policy is enjoined or abated, suit or action may be commenced at any time within one year after the dissolution of such injunction, or the abatement of such suit or action, to the same extent as would be possible if there was no limitation of time provided herein for the bringing of such suit or action.

**Subrogation.** This company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefore is made by this company.

#### **Other Massachusetts Provisions That Apply If Your Policy Provides Property Protection**

The following provisions apply if your policy provides property protection.

#### **Debts On Property**

For certain claims for damage or destruction of your property, we'll pay the city or town a debt you may owe, before we'll pay you.

#### **Municipal Tax Debts**

Before we'll pay \$5,000 or more on a claim for damage or destruction of your real estate, you must give us a "certificate of municipal liens" from the tax collector of the city or town where your property is located. This certificate shows whether you owe any money for which the city or town can use the property as security (a lien) to repay the debt under Chapters 40, 59, 60, 80, 83, and 164, Sections 58B through 58F, of the Massachusetts General Law. This provision doesn't apply if the loss or damage was to a one-, two-, three-, or four-family house which you owned and used as your principal residence at the time the loss or damage occurred.

If you do owe the city or town any money under these laws, we'll repay your debt from the amount we would pay you for the claims. We'll repay the city or town debt before we'll pay anyone else claiming a share of the payment, unless federal law requires otherwise. This includes anyone with a right to receive payment as an insured owner or someone to whom the owner transferred their rights (an assignee) or someone to whom the owner gave a

mortgage on the property to secure a debt (a mortgagee). Since we'll make the payment based on what the certificate shows, we aren't responsible to anyone with an interest in the property if there's any error in the certificate.

#### **Debts For Violations Of Building Health And Safety Laws**

This provision applies if you make a claim for damage or destruction of a building or structure and:

- the claim is for \$1,000 or more; or
- the damage or destruction causes the building or structure to become dangerous, unused, unoccupied, abandoned, or open to the weather, as described in Chapter 143, Section 6, of the Massachusetts General Laws.

If you have this type of claim, we'll notify the Building Commissioner or Inspector of Buildings and The Board of Health or Board of Selectment of the city or town where the property is located at least 10 days before we'll pay on it. Then, if the city or town notifies us that, because you've violated building health and safety laws, it intends to start proceedings to hold the property as security ("perfect a Lien") to pay for your violations, we won't pay you until the proceedings are over. However, we'll pay you if the city or town doesn't start the proceedings within 30 days after we receive its notice. The city or town may try to obtain a lien for violations under Chapter 143, Sections 3A and 9, and Chapter 111, Section 127B, of the Massachusetts General Laws.

If the city or town can hold your property as security for these kind of violations it's entitled to be paid first from the amount we would pay you. We aren't responsible to anyone else with an interest in your property for payments we make under this provision.

#### **Other Changes**

##### **Property Protection - Buildings That Are Vacant**

If your policy includes property protection that contains a Buildings that are vacant section, the following is added to that section. But only for loss or damage caused by fire or lightning.

If your building where a loss occurred was vacant or unoccupied for a period of:

- 60 consecutive days for residential properties of three units or less; or
- 30 consecutive days for all other premises;

before the loss occurred, we won't pay for the loss. This applies regardless of whether or not the building had been intended for occupancy by either the owner or tenant.

##### **Property Protection - If Your Building Is Mortgaged**

If your policy includes property protection that contains an If Your Building Is Mortgaged section, the following is added to that section.

We'll make payments for losses to mortgage holders in order, according to the financial interest each has in the covered property.

##### **Liquor Liability Protection - Cancellation**

If your policy includes liquor liability protection, the following changes apply to that protection.

1. The following is added to the By us section in the Cancellation section of the General Rules.

However, if your policy has been in effect for 60 days or more, we may cancel by giving the first named insured written notice of cancellation at least 60 days before the effective date of cancellation. We're not required to give this notice if we cancel for:

- Nonpayment of premium; or
- The first named insured's loss of license.

But if your policy has been issued pursuant to section 64A, 64B or 67 of Mass. Gen. Law Ann., Chapter 138., we may cancel for nonpayment of premium by giving the first named insured written notice of cancellation at least 30 days before the effective date of cancellation.

2. The following is added to the Cancellation section of the General Rules.

**Nonrenewal.** If we decide not to renew your policy, we may do so by giving the first named insured written notice of our

intent not to renew at least 60 days before the expiration of the policy. We're not required to give this notice if we nonrenew for:

- Nonpayment of premium; or
- The first named insured's loss of license.

**Other Terms**

All other terms of your policy remain the same.

**COMMERCIAL AUTO REQUIRED ENDORSEMENT - CALIFORNIA**

This endorsement changes your policy to comply with, or otherwise respond to, California law.

Therefore, each change made by this endorsement applies only to the extent:

- required by California statutory or regulatory law; or
- specifically described in the part of this endorsement which makes that change.

As a result, if the address shown for you in the Introduction of your policy is outside California, each change that's made to comply with California statutory or regulatory law applies only if, and to the extent, your policy provides coverage for autos registered or mainly garaged in California and such statutory or regulatory law applies to such coverage.

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**Cancellation**

The Cancellation section of the General Rules is replaced by the following.

You can cancel this policy in whole or in part at any time.

**How you can cancel.** To cancel this policy or any of the insuring agreements, you must deliver the policy, or the part you want cancelled, to us or to any of our authorized agents. If this isn't possible, notify us by mail and include the date you want the policy or individual insuring agreement cancelled. You'll get a refund for the unused premium, less a charge for early cancellation.

**How we can cancel policies in effect 60 days or less.** If your policy has been in effect 60 days or less, and is not a renewal or continuous policy, we can cancel for any reason during this period. If we do, we'll mail or deliver a notice of cancellation to the first named insured. If we're canceling because of nonpayment of premium or because we discovered that any person insured by this policy has committed fraud either in obtaining this policy or in submitting a claim under this policy, we'll send at least 10 days before coverage will end. If we're canceling for any other reason we'll send at least 30 days notice before coverage will end. The notice will state the reason for cancellation.

1. *Nonpayment of premium.* We can cancel if the first named insured fails to pay any premium or premium installment when due. This includes any installment of premium that was from a previous policy we issued that was due during the current policy period.
2. *Fraud or misrepresentation.* We can cancel if we discover that any person insured by this policy has committed fraud or made a material misrepresentation either in obtaining this policy or in submitting a claim under this policy.
3. *Conviction of a crime.* We can cancel if you are convicted of a crime that increases any hazard you're insured against.
4. *Negligent acts.* We can cancel if we discover that you have committed a willful or extremely negligent act or omission that increases any hazard you're insured against.
5. *Failure to follow loss control requirements.* We may cancel if you or your representative fail to follow reasonable loss control requirements that you agreed to follow in order for us to issue your policy or give you certain premium rates.
6. *Determination by the Insurance Commissioner.* We can cancel this policy if the Commissioner Of Insurance determines that continuing this policy would put us in violation of California insurance laws, or jeopardize our being solvent. We can also cancel if the Insurance Commissioner determines that

any loss of or change in reinsurance that we have affecting this policy would threaten our financial position.

7. *Change in the risk.* We can cancel if, after we have issued or renewed your policy, a change occurs in the risk we're protecting that increases the hazard we're insuring against. But this doesn't apply to a change that was expected or foreseen by us when we issued your policy. Nor does this apply if:

- the insured is an educational, religious, or other non-profit organization, as described in Section 676.10(a) of the California Insurance code; and
- the change in risk involves one or more losses caused by a hate crime, as described in Section 676.10(c) of the California Insurance Code, committed against the person or property of the insured.

If we cancel for nonpayment of premium or fraud or misrepresentation as we have described above, we'll mail a cancellation notice at least 10 days before coverage will end. If we cancel for any other reason, we'll mail or deliver the notice to the first named insured and the agent who sold this policy at least 30 days before coverage will end. The notice will state the exact reason for cancellation.

**Unused premium.** If this policy is cancelled, we'll send the first named insured a refund of any unused premium. The refund will be figured on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy. The cancellation will be effective even if we have not made or offered a refund.

**Nonrenewal.** If we decide not to renew or continue this policy, we'll mail a notice to the first named insured at least 60 days but not more than 120 days before the end of the policy period.

But we won't refuse to renew or continue this policy because of losses caused by a hate crime, as described in Section 676.10(c) of the California Insurance Code, committed against the person or property of the insured if the insured is an educational, religious, or other non-profit organization, as described in Section 676.10(a) of the California Insurance Code.

If state law requires us to give additional notices or changes our notice requirements, we will provide such additional notices or changes as needed.

If we offer to renew or continue your policy, and you don't accept, the policy will expire at the end of the policy period. If we offer to renew your policy, and you fail to pay the required premium when due, we'll consider this to mean that you don't accept our offer.

If we fail to send proper notice of nonrenewal and you obtain other insurance, this policy will end on the date the other insurance takes effect.

The notice will show the reason for nonrenewal.

**Mailing the notice.** Mailing the cancellation or nonrenewal notice to the first named insured's and agent's last address known to us will be considered proof you were notified.

### Premiums

The following is added to the Additional or return premium section of the Premiums section of the General Rules and changes that section as described.

We'll refund a return premium of \$15 or less even if the first named insured doesn't request that we do so.

### Registered Domestic Partner

Wherever the term spouse is used in any insuring agreement that is included in this policy, it is replaced by the phrase spouse or registered domestic partner under California law.

The definition of family member in any commercial auto insuring agreement that is included in this policy is replaced by the following definition:

*Family members* means persons who are related to an individual named insured by blood, adoption, marriage or registered domestic partnership under California law and live in such named insured's home. A ward or foster child who lives with the named insured is also considered to be a family member.

### Auto Or Garage Liability Protection - Limits Of Coverage

The following paragraph is added to your Auto or Garage Liability Protection.



**Limitations on amounts payable.** Any amount payable under this coverage to the owner or driver of an uninsured motor vehicle will be reduced by amounts payable to a protected person under this policy's California Bodily Injury or Property Damage Uninsured Motorists Protection for the same accident.

#### **Auto Or Garage Liability Protection - Other Insurance**

The following is added to the Other Insurance section of your Auto or Garage Liability Protection. These changes replace any provisions to the contrary.

**Autos.** Two or more policies providing liability coverage may apply to an auto at the time of an accident, and:

- one provides coverage to a named insured in the business of selling, repairing, servicing, delivering, testing or road testing autos; and
- the other provides coverage to a person not engaged in that business.

If an accident happens involving an auto owned by the business described above but is driven by a person not engaged in such business, then that person's liability coverage is primary. The liability coverage issued to the business is excess over any coverage available to that person.

If an accident happens involving a person engaged in the above described business but is operating an auto not owned by such business, then the policy covering the business is primary. The liability coverage issued to the person not engaged in the business is excess over any coverage available to the business.

**Commercial vehicle.** Two or more policies providing liability coverage may apply to a commercial vehicle at the time of an accident, and:

- one provides coverage to a named insured who in the course of business, rents or leases commercial vehicles without operators; and
- the other provides coverage to a person not engaged in that business.

If an accident happens involving a person who:

- is not engaged in the above described business;
- is not the agent or employee of such named insured; and
- is operating a commercial vehicle provided by such business;

then that person's liability coverage is primary. The liability coverage issued to the business is excess over any coverage available to that person.

**Commercial vehicle** means an auto subject to registration or identification under California law which is:

- used or maintained for the transportation of persons for hire, compensation or profit;
- designed, used, or maintained primarily for the transportation of property; or
- leased for a period of six months or more.

**Power unit and any connected trailer.** Two or more policies providing liability coverage may apply to a power unit and any connected trailer or trailers at the time of an accident, and:

- one provides coverage to a named insured engaged in the business of transporting property by auto for hire; and
- the other provides coverage to a named insured not engaged in that business.

If an accident happens involving a power unit being operated by a person insured under coverage provided to the above described business then that coverage is primary for both the power unit and any connected trailer or trailers. The insuring agreement or policy providing coverage to a named insured not engaged in such business is excess over any coverage available to such power unit and attached trailer or trailers.

#### **Other Terms**

All other terms of your policy remain the same.





**WHAT TO DO IF YOU HAVE A LOSS**

This form applies if:

- your policy provides any property or other first-party protection and there's a loss that may be covered under that protection; or
- your policy provides any liability protection and there's an accident, act, error, event, incident, offense, or omission that may result in damages or other amounts which may be covered under that protection.

Coverage under your policy may be affected by any failure to fulfill any of the duties described in this form.

However, neither this form, nor any of these duties, change or eliminate any coverage condition or requirement, or exclusion or other coverage limitation, anywhere in the rest of your policy, such as:

- a specific coverage trigger, reporting, notice, or knowledge condition or requirement; or
- an exclusion or other coverage limitation that's based, all or in part, on knowledge.

This form and the rest of your policy should be read carefully to determine:

- the extent of the coverage provided by your policy; and
- the rights and duties of you and any other person or organization protected under your policy.

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anywhere in the USA at any time at the following toll-free telephone number to tell us this information:

1-800-238-6225

Also, our Internet web site is available from anywhere at any time at the following address to tell us this information:

travelers.com

**If Your Policy Provides Property Or Other First-Party Protection**

If your policy provides property or other first-party protection and there's a loss that may be covered under that protection, you must do all of the following in connection with that loss:

1. As soon as possible, tell us or one of our authorized representatives what happened. Include all of the following information:
  - The time, place, and specific nature of the loss.
  - The cause, or likely cause, of the loss.
  - A description of the property involved.
  - The name and address of each person known to be a witness.

Our United States of America (USA)  
Claim Call Center is available from

2. Promptly notify the police if a law may have been broken.
3. Do what is reasonable and necessary to protect covered property from further damage or loss. Keep a record of any expenses you incur in taking such action for our possible consideration in any settlement of the loss.
4. Separate damaged property from undamaged property, if feasible, to enable examination by us.

At our request, make an inventory of damaged or lost property and mail, deliver, or otherwise give that inventory to us.

5. Cooperate with us in the investigation, or any settlement, of the loss.

Allow us, whenever we reasonably require, to:

- inspect property involved in or proving the loss;

- examine, and make copies of, your financial books and records relating to the loss; and
  - take samples of property, whether damaged or undamaged, for analysis or testing.
6. Allow us to examine you, or any other person or organization protected under your policy, while:
- under oath; and
  - not in the presence of any other person protected under your policy.

We may do this, whenever we reasonably require, about any matter relating to:

- your property or other first-party protection;
- the loss; or
- your financial books and records relating to the loss.

All persons or organizations protected under your policy that are examined in this manner must sign a copy of their responses.

7. Within 60 days after our request, you must mail, deliver, or otherwise give to us a signed, sworn proof of loss, using a form supplied by us that provides the information we need to consider whether the loss is covered by your policy.

Within 30 days after we reach agreement with you on what we owe for a covered loss, we'll pay that amount.

#### **If Your Policy Provides Liability Protection**

If your policy provides liability protection and there's an accident, act, error, event, incident, offense, or omission that may result in damages or other amounts which may be covered under that protection, you or any other person or organization protected under your policy must do all of the following in connection with that accident, act, error, event, incident, offense, or omission:

1. As soon as possible after having knowledge of the accident, act, error, event, incident, offense, or omission, tell us or one of our authorized representatives what happened. Do this even if no demand against you or any other person or organization protected under your policy has been made.

Include all of the following information that's reasonably available:

- The time, place, and specific nature of the accident, act, error, event, incident, offense, or omission.
- The type of demand that has been or may be made against you or any other person or organization protected under your policy.
- The name and address of each person or organization that may make a claim or bring a suit.
- The name and address of each person who may be a witness.
- The name and address of each person or organization that may be involved and is protected under your policy.

Our United States of America (USA) Claim Call Center is available from anywhere in the USA at any time at the following toll-free telephone number to tell us this information:

1-800-787-2851

Also, our Internet web site is available from anywhere at any time at the following address to tell us this information:

[www.travelers.com](http://www.travelers.com)

However, neither we nor any of our authorized representatives need to be told of an accident, act, error, event, incident, offense, or omission that first involves your workers compensation insurance unless the liability protection provided by your policy is likely to be involved.

2. Promptly notify the police if your policy provides auto liability protection and a covered auto under that protection is stolen.
3. As soon as possible after receiving them, mail, deliver, or otherwise give to us a copy of:
  - all written demands made; and
  - all legal documents relating to any suit brought;
 against you or any other person or organization protected under your policy.
4. Cooperate with and, when requested, assist us in:
  - securing and giving evidence;

- attending hearings and trials;
- obtaining the attendance of witnesses; and
- taking other reasonable steps to help us investigate or settle, or defend a person or organization protected under your policy against, a claim or suit.

5. Not assume any financial obligation or pay out any money, other than for first aid given to others at the time of an accident, without our consent.

**When we consider you to have knowledge of an accident, act, error, event, incident, offense, or omission.** If you're an individual, we'll consider you to have knowledge of an accident, act, error, event, incident, offense, or omission only if you have knowledge of it or any person has knowledge of it while he or she is your:

- spouse;
- employee and is or acts as your insurance or risk manager or holds a position in your insurance, risk management, or legal department; or
- employee, or authorized person, with a duty given by you to tell us, one of our authorized representatives, or any of the persons described above, about that accident, act, error, event, incident, offense, or omission.

If you're an organization, we'll consider you to have knowledge of an accident, act, error, event, incident, offense, or omission only if any person has knowledge of it while he or she is your:

- partner or co-venturer, or his or her spouse, if you're a partnership or joint venture;
- member or manager if you're a limited liability company;
- trustee if you're a trust;
- shareholder if you're a professional association;
- appointed or elected official if you're a public entity or tribal government;
- director or executive officer if you're a corporation or an other organization;
- employee and is or acts as your insurance or risk manager or holds a position in your insurance, risk management, or legal department; or
- employee, or authorized person, with a duty given by you to tell us, one of our authorized representatives, or any of the

persons described above, about that accident, act, error, event, incident, offense, or omission.

However, if:

- you're a partnership, joint venture, limited liability company, trust, or professional association; and
- any of your partners, co-venturers, members, trustees, or shareholders is an organization;

we'll also consider you to have knowledge of an accident, act, error, event, incident, offense, or omission if any person has knowledge of it while he or she is that organization's:

- partner or co-venturer if it's a partnership or joint venture;
- member or manager if it's a limited liability company;
- trustee if it's a trust;
- shareholder if it's a professional association;
- appointed or elected official if it's a public entity or tribal government; or
- director or executive officer if it's a corporation or an other organization.

**When we consider other persons or organizations to have knowledge of an accident, act, error, event, incident, offense, or omission.**

We'll consider any person or organization protected under your policy, other than you, to have knowledge of an accident, act, error, event, incident, offense, or omission if you or any of the persons described in the When we consider you to have knowledge of an accident, act, error, event, incident, offense, or omission section has knowledge of it.

Also, if any such other person protected under your policy is a sole proprietor, we'll consider that sole proprietor to also have knowledge of an accident, act, error, event, incident, offense, or omission if any person has knowledge of it while he or she is that sole proprietor's:

- employee and is or acts as its insurance or risk manager or holds a position in its insurance, risk management, or legal department; or
- employee, or authorized person, with a duty given by that sole proprietorship to tell that sole proprietor, any of the employees described above, that sole proprietorship's insurer, or one of that insurer's authorized representatives, about

that accident, act, error, event, incident, offense, or omission.

In addition, we'll consider any such organization protected under your policy to also have knowledge of an accident, act, error, event, incident, offense, or omission if any person has knowledge of it while he or she is that organization's:

- partner or co-venturer if it's a partnership or joint venture;
- member or manager if it's a limited liability company;
- trustee if it's a trust;
- shareholder if it's a professional association;
- appointed or elected official if it's a public entity or tribal government;
- director or executive officer if it's a corporation or an other organization;
- employee and is or acts as its insurance or risk manager or holds a position in its insurance, risk management, or legal department; or
- employee, or authorized person, with a duty given by that organization to tell its insurer, one of its insurer's authorized representatives, or any of the persons described above, about that accident, act, error, event, incident, offense, or omission.

Finally, if:

- any organization protected under your policy, other than you if you're an organization, is a partnership, joint venture, limited liability company, trust, or professional association; and
- any of its partners, co-venturers, members, trustees, or shareholders is an organization;

we'll also consider such organization that's protected under your policy to have knowledge of an accident, act, error, event, incident, offense, or omission if any person has knowledge of it while he or she is such partner, co-venturer, member, trustee, or shareholder organization's:

- partner or joint venture if it's a partnership or joint venture;
- member or manager if it's a limited liability company;
- trustee if it's a trust;
- shareholder if it's a professional association;
- appointed or elected official if it's a public entity or tribal government; or
- director or executive officer if it's a corporation or an other organization.

**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM  
ENDORSEMENT**

This endorsement changes any and all property or other first-party protection and any and all liability protection provided by your policy, other than any of the following provided by your policy:

- Coverage that is changed by an exclusion that applies to certified acts of terrorism.
- Commercial auto coverage.
- Commercial crime coverage.
- Coverage that has Professional Liability in the title of that insuring agreement.

**How Coverage Is Changed**

There are two changes which are explained below.

1. The following is added to your insuring agreement. This change can limit coverage for losses arising out of certified acts of terrorism if such losses are otherwise covered by your policy.

If aggregate insured losses attributable to certified acts of terrorism exceed \$100 billion in a Program Year (January 1 through December 31), and we have met our insurer deductible under the Terrorism Risk Insurance Act:

- we won't be responsible for the payment of any portion of the amount of such losses that exceeds \$100 billion; and
- insured losses up to \$100 billion will be subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

*Certified act of terrorism* means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal

Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a certified act of terrorism include the following:

- The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
  - The act is a violent act or an act that is dangerous to human life, property, or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
2. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy.

**Other Terms**

All other terms of your policy remain the same.



**PREMIER PROPERTY PROTECTION  
EMPLOYEE THEFT WELFARE AND PENSION PLAN ENDORSEMENT**

This endorsement changes your Premier Property Protection.

**How Coverage Is Changed**

There are three changes which are explained below.

1. The following is added to the Employee Theft additional benefit. This change broadens coverage.

**Employee welfare and pension plans.** We'll cover your employee welfare and pension plans against loss of or damage to money, securities, and other property resulting directly from employee theft.

We'll consider any individual who is:

- a trustee, officer, employee, administrator, or manager of any Employee Welfare or Pension Benefit Plan covered under this agreement; and
- your director or trustee while that person is handling funds or other property of any plan covered under this agreement;

to be an employee.

But we won't consider an administrator or a manager of any welfare or pension plan covered under this agreement who is an independent contractor to be an employee.

We won't pay more than the additional benefit limit for employee theft shown in the Coverage Summary.

**Required limits.** This benefit may cover loss to two or more plans, or it may cover loss to a business or institution as well as loss to a plan. If so, you or the plan administrators must maintain a limit

of coverage for each plan that is at least equal to that required if each plan were covered separately.

2. The following is added to the Deductible section. This change broadens coverage.

No deductible applies to a loss that happens to any plan subject to ERISA covered under this agreement.

3. The following is added to the Other Rules For This Agreement section, but only when the insured first named in the Introduction is an entity other than a plan.

**Welfare and pension plan payment.** Any payment we make to the insured first named in the Introduction for covered loss by any plan will be held by you for the use and benefit of the plan to which the loss occurred.

**Welfare and pension plan combined fund.** Money, securities, or other property of two or more insured plans may be combined into a single fund. If so, recovery for loss because of employee theft will be shared by the plans on a proportionate basis. The proportions will be according to the limit of coverage each plan is required to carry by the ERISA regulations and the total.

**Other Terms**

All other terms of your policy remain the same.





**TECHNOLOGY VISIONPAK  
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION  
COVERAGE SUMMARY**


This Coverage Summary shows the coverage options and other applicable terms and conditions that apply to your Premier Property Protection.

**Valuation Options**

- |                            |  |
|----------------------------|--|
| Buildings                  | <input type="checkbox"/> Actual Cash Value                         |
|                            | <input type="checkbox"/> Replacement Cost                          |
|                            | <input type="checkbox"/>   |
| Business Personal Property | <input type="checkbox"/> Actual Cash Value                         |
|                            | <input checked="" type="checkbox"/> Replacement Cost               |
|                            | <input checked="" type="checkbox"/> Finished Stock - Selling Price |
|                            | <input type="checkbox"/>   |

**Coinsurance Provisions**

- % Coinsurance -- All Buildings
- 100 % Coinsurance -- All Business Personal Property
- ☒ Agreed Amount Option Applies
- ☒ All Locations
- ☐ Locations Listed
- ☒ Agreed Amount SEE VP002
- ☒ Agreed Amount Expiration Date 09/11/2013

**Deductible Options**

- |          |  |
|----------|--|
| \$       | <input type="checkbox"/> All Coverages per event                                       |
| \$ 1,000 | <input checked="" type="checkbox"/> All Coverages per event, except as indicated below |
| \$       | <input type="checkbox"/> Blanket Earnings and Expense                                  |
| Hours    | <input type="checkbox"/> All Coverage per event  |
| Days     | <input type="checkbox"/> All Coverage per event  |
| \$ 2,500 | <input checked="" type="checkbox"/> Portable Computer Hardware Theft Deductible        |
| \$       | <input type="checkbox"/> Flood   |
| \$       | <input type="checkbox"/> Earthquake and Volcanic Eruption                              |
| \$       | <input type="checkbox"/> Named Tropical Windstorm and Hurricane                        |
| \$       | <input type="checkbox"/>   |
| \$       | <input type="checkbox"/>   |

Name of Insured  
VENDINI, INC.

Policy Number ZLP-11R18933-12-I4

Effective Date 09/11/12

Processing Date 09/07/12 10:12 001

VP001 Rev. 5-02

Coverage Summary

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**Reporting Provisions and Premiums**

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**Reporting Options**

- |  |   |    |
|--|---|----|
| <input type="checkbox"/> Non-reporting | <input type="checkbox"/> Flat Annual Premium    | \$ |
| <input type="checkbox"/> Monthly       | <input type="checkbox"/> Deposit Premium        | \$ |
| <input type="checkbox"/> Quarterly     | <input type="checkbox"/> Minimum Annual Premium | \$ |
| <input type="checkbox"/> Annual        |   |    |

Reporting Rate per \$100

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**Miscellaneous Options**

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- ☐ Worldwide coverage extension - Personal Belongings
- ☐ Worldwide coverage extension - Property In Transit
- ☐ Worldwide coverage extension - Unscheduled Locations

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**Mortgagees and Loss Payees**

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**TECHNOLOGY VISIONPAK  
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION  
SCHEDULED LOCATIONS COVERAGE SUMMARY**



This Coverage Summary shows your scheduled locations, covered property, and limits of coverage that apply to your Premier Property Protection.

**Scheduled Locations**

Loc. No.	Address
001	365 MAIN - 720 2ND STREET, OAKLAND, CA 94607
002	10 POST OFFICE SQUARE 6TH FLOOR, BOSTON, MA 02109
003	350 E. CERMAK RD., CHICAGO, IL 60616
004	660 MARKET STREET SUITE 400, SAN FRANCISCO, CA 94104

**Limits Of Coverage**

Loc No.	Building	Business Personal Property
001-004	NO COVERAGE	\$878,000 BLANKET LIMIT

**Name of Insured** VENDINI, INC. **Policy Number** ZLP-11R18933-12-I4 **Effective Date** 09/11/12  
**Processing Date** 09/07/12 10:12 001

VP002 Ed. 3-99 Coverage Summary  
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**TECHNOLOGY VISIONPAK  
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION  
ADDITIONAL BENEFITS COVERAGE SUMMARY**



This Coverage Summary shows the limits that apply to the Additional Benefits section of your agreement.

Refer to the Insuring Agreement for an explanation of coverage.

<b>Additional Benefit</b>	<b>Additional Benefit Limit</b>
Accounts Receivable	\$25,000
Catastrophe Allowance	\$10,000
Computer System Fraud	\$10,000
Deferred Payments	\$25,000
Demolition And Increased Cost Of Construction - maximum per loss (subject to a maximum per building or improvement of 10% of value)	\$100,000
Depositors Forgery	\$25,000
Employee Theft	\$20,000
Endangered Property	\$10,000
Extra Expense	\$25,000
Fine Arts	\$25,000
Fire Department Service Charge	\$25,000
Fire Protective Equipment	\$25,000
Inventory and Appraisals	\$25,000
Money and Securities	
• Inside limit	\$20,000
• Outside limit	\$10,000
Newly Acquired Property	
• Building limit	\$500,000
• Business Personal Property limit	\$500,000
Off Premises Utility Failure	\$25,000
Outdoor Property	\$25,000
Personal Belongings	\$25,000
Pollution Clean Up And Removal	\$25,000
Property In Transit	\$25,000
Radioactive Contamination	\$25,000

**Name of Insured**      **Policy Number** ZLP-11R18933-12-I4      **Effective Date** 09/11/12  
**VENDINI, INC.**      **Processing Date** 09/07/12 10:12 001

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Random Attack - Hacking Event Or Computer Virus	\$10,000
Rewards	\$25,000
Telecommunications Theft	\$10,000
Unscheduled Locations	\$25,000
Valuable Records Research	\$25,000
Voluntary Surrender	\$25,000
Additional Benefit Restrictions	

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## TECHNOLOGY VISIONPAK INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION

We've designed this agreement to protect against a variety of property losses. There are limitations and they are explained later in this agreement.

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### What This Agreement Covers

The description of property covered, the limit of coverage, and other applicable terms and conditions are shown in the Coverage Summary.

### **Covered Causes Of Loss**

We'll protect covered property against risks of direct physical loss or damage except as indicated in the Exclusions - Losses We Won't Cover section.

### **Property Covered**

In the following sections, we explain what is included under the building and business personal property coverages. The Coverage Summary will indicate which coverages you have purchased under this policy.

### **Building Coverage**

We'll cover your financial interest in the covered building or structure. While at the same location, we'll also cover:

- machinery and equipment that are a permanent part of a covered building and are used to provide building services such as elevators and heating equipment.
- fixtures or yard fixtures such as lampposts and flagpoles.
- property which you own and use to service or maintain a covered building or structure or its premises.
- construction materials, supplies, and equipment that you intend to use to alter, repair, or expand a covered building. During construction, we'll cover these

materials at a covered location or in the open within 1,000 feet of it. We'll also cover any temporary structures at a covered location.

### **Business Personal Property Coverage**

We'll cover your business personal property while:

- in or on a building described in the Coverage Summary.
- in the open or in vehicles in the open within 1,000 feet of a covered location.

*Business personal property* means things you own or have a financial interest in such as stock, furniture, fixtures, machinery, equipment, computer hardware including portable computer hardware, software, data, prototypes, supplies, patterns, dies, and other movable items and all other personal property owned by you and used in your business.

*Portable computer hardware* means equipment designed to be transported, including laptop, notebook, or pen-based notebook computers.

*Stock* means merchandise held in storage or for sale, raw materials and in-process or finished stock. It also includes supplies used in packing or shipping.

*Covered location* means any of the following:

- locations scheduled or described in the Coverage Summary;
- new locations as described in the newly acquired property additional benefit; or
- unscheduled locations as described in the unscheduled locations additional benefit.

Business personal property may include personal property used in your business that's leased from others when you are contractually required to insure it and its value is included in your business personal property limit of coverage.

We'll also cover business personal property sent out on consignment or approval and we'll cover business personal property you exhibit or display whether you own it or are responsible for it.



Your business personal property coverage also includes the value of materials, labor, and other services you've expended on other people's property.

**Other people's property.** We'll cover the business personal property of others that's in your care, custody, or control, to the extent of your insurable interest and your legal obligation while:

- in or on a building described in the Coverage Summary; or
- in the open or in vehicles within 1,000 feet of a covered location.

This does not apply to property of yours, your officers, partners, or employees.

**Improvements coverage.** If you're a tenant at a covered location, your business personal property coverage can also apply to improvements that you make to a building.

*Improvement* means a permanent alteration or addition that can't legally be removed.

If you pay for an improvement, and none of the payment is part of your rent, we'll cover the value of your right to use the improvement.

The limit of coverage for business personal property is the most we'll pay for all loss to your business personal property and improvements. However, we won't pay for loss to your improvement if someone other than you pays to repair or replace it.

**Burglary damage to buildings.** If you are a tenant at a covered location, your business personal property coverage can also cover direct loss or damage caused by burglary or attempted burglary to that part of the building you occupy. To be covered, you must be legally responsible for the damage.

*Burglary* means the taking of property from inside your building by a person unlawfully entering or leaving the building as evidenced by marks of forcible entry or exit.

This protection is included in the limit of coverage for business personal property at the location where the damage occurs.

#### **Property Not Covered At All**

We won't cover the following property under this agreement:

- aircraft, satellites, and spacecraft;
- live animals, birds, and fish;
- contraband, or property in the course of illegal transportation or trade;
- watercraft including motors, equipment, and accessories while on water;
- lawns, land, land value, land restoration, and growing crops, including standing timber;
- outdoor trees, plants and shrubs, except for the coverage provided under the Additional Benefits section;
- water;
- money, lottery tickets, food stamps, securities, deeds, accounts, bills, notes, and other evidence of debt, except for the coverage provided in the Additional Benefits section;
- self-propelled land vehicles and other vehicles licensed and designed for use on public roads, such as cars, trucks, and trailers;
- property you've sold under a conditional sales agreement, trust agreement, installment payment or other deferred payment plan after it's been accepted by the customer other than as provided by the deferred payments additional benefit; or
- transmission and communication lines you own or have a financial interest in other than those held as inventory.

#### **Additional Coverages**

The following coverages are included when either building or business personal property coverages have been purchased and are shown in the Coverage Summary. Unless otherwise indicated, these coverages are not in addition to the limits of coverage for building or business personal property shown in the Coverage Summary.

#### **Debris Removal Coverage**

If your covered property is damaged by a covered cause of loss, we'll pay a limited amount for the cost of removing the debris of damaged covered property.

We'll pay up to 25% of the amount paid for direct physical loss or damage. The amount paid for direct physical loss or damage includes any deductibles you pay. If debris

removal costs exceed the 25%, or if the total amount of loss paid and debris removal costs combined exceed the limit of coverage that applies, we'll also pay up to an additional \$25,000 for debris removal per location in each event. For example:

*A fire causes a combined loss of \$50,000 to your building and business personal property. The combined limits of coverage for the damaged building and business personal property are \$100,000. Because of pollutants in the debris, the debris removal costs total \$15,000. Here's how we'll determine what we'll pay for the debris removal costs.*

*Paid loss of \$50,000 (which includes your deductible) x 25% = \$12,500, the debris removal limit for this loss. Since the debris removal costs of \$15,000 exceed the \$12,500 limit, the additional \$25,000 debris removal coverage will pay the remaining \$2,500 debris removal cost. In this example, we would pay the full \$15,000 of debris removal costs. However if the debris removal cost had been \$40,000 we would only pay \$12,500 + \$25,000 for a total of \$37,500.*

A higher additional limit may be purchased. If so, the revised limit will be shown in the Coverage Summary.

We won't pay for any undamaged property which must be removed because of the enforcement of any ordinance, regulation, or law that requires you or anyone else to:

- test for, monitor, cleanup, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

For example:

*A fire damages your building, including a section of the ceiling. The ceiling is made of tiles containing asbestos. Because of the asbestos, local law requires that you replace the ceiling completely even though only a portion of the ceiling was damaged. We'll only pay the cost to remove the tiles damaged by the fire. We won't pay to remove the undamaged remainder of the ceiling because the law requires it.*

We won't pay for the debris removal of property which is a pollutant and which must be removed from water or from below the surface of the ground. Limited coverage for pollution cleanup and removal is provided in the Additional Benefits section.

We'll only pay debris removal expenses that are reported to us in writing within 180 days of the date of direct physical loss or damage to covered property.

The cost of removing debris won't be included when we apply the coinsurance rule.

### **Preservation Of Property Coverage**

We'll pay for any direct physical loss or damage to covered property that results when you're forced to remove it from a location endangered by a covered cause of loss.

We'll cover the property while it's being moved to a safe place and while it's being returned to the covered location. But the total amount of insurance for all locations combined won't exceed the limit of coverage at the original location.

### **Undamaged Portion Of The Building**

If your covered building or improvements are damaged by a covered cause of loss, we'll pay for the loss in value of the undamaged portion of the covered building or improvement as the consequence of the enforcement of any ordinances or laws that:

- regulate the construction or repair of the damaged covered building or establish zoning or land use requirements at a covered location; or
- require the demolition of the undamaged parts of the covered building; and
- are in force at the time of the loss.

### **Where We'll Cover**

We'll cover property while in the United States, its territories and possessions, Canada, and Puerto Rico.

### **Additional Benefits**

All of the following additional benefits are in addition to the limits of coverage for building or business personal property. The limit for each additional benefit is shown in the Coverage Summary.

Unless otherwise restricted, these limits are applicable at any covered location. The limit for property in transit applies to any covered property that is away from a covered location while in the course of transportation. The limit for unscheduled locations applies to covered property while away from a covered location, but not in the course of transportation.

Although applicable at any location, the indicated limit for any of these additional benefits is also the most that we will pay for loss or damage, regardless of the number of locations involved, that results from a single event such as a tornado or a hurricane.

These additional benefits do not extend to nor create a covered loss under any time element coverage attached to this insuring agreement. Time element coverages include any of the following:

- blanket earnings and expense;
- business income and extra expense;
- extra expense;
- business income from dependent properties;
- extra expense from dependent properties; or
- valued business income.

All other terms in this agreement apply to these additional benefits except for the coinsurance rule.

### **Accounts Receivable**

We'll pay for the following costs that you incur due to direct physical loss or damage of your records of accounts receivable from a covered cause of loss:

- amounts your customers owe you but you can't collect because of loss or damage to your records;
- interest on any loan you have to take out because you can't collect your receivables, and need money while waiting for payment of your claim;

- extra collection costs, over and above your normal collection costs, that are made necessary because of loss or damage to your records; and
- expenses you reasonably incur to re-establish your records.

But we won't pay more than the additional benefit limit for accounts receivable shown in the Coverage Summary.

### **Catastrophe Allowance**

If your covered property is damaged by a covered cause of loss that is declared a catastrophe by Property Claims Services, you may extend your selected policy limits for any of the coverage(s) indicated below by the limit shown for this additional benefit in the Coverage Summary. The limit shown for this additional benefit is the maximum that may be extended in aggregate for all coverages from any single catastrophe.

You can use this additional benefit limit to supplement any of the following existing policy limits:

- building coverage;
- business personal property coverage;
- any additional benefit; or
- any combination of the above.

But we won't pay more than the additional benefit limit for catastrophe allowance shown in the Coverage Summary.

### **Computer System Fraud**

We'll pay for loss of or damage to money, securities, or other property that:

- you own, hold, or for which you are legally responsible; and
- results from computer system fraud.

But we won't pay more than the additional benefit limit for computer systems fraud shown in the Coverage Summary.

*Computer system fraud* means using a computer to fraudulently transfer money, securities or other property from inside your building or financial institution to:

- a person outside your premises or a financial institution; or
- a place outside your premises.

*Other property* means any tangible property of value other than money, securities, computer software or data.

*Your premises* means the interior of that portion of any building you occupy in conducting your business.

*Evidences of debt* means instruments executed by your customer and held by you which in the regular course of business are treated as evidencing the customer's debt to you, including records of charges and accounts receivable.

We explain what we mean by money and securities in the Money And Securities additional benefit.

#### **Deferred Payments**

We'll pay your insurable interest for direct physical loss or damage by a covered cause of loss to business personal property you've sold on an installment or other deferred payment basis after its been accepted by your customer.

But we won't pay more than the additional benefit limit for deferred payments shown in the Coverage Summary.

#### **Demolition And Increased Cost Of Construction**

If a covered building or improvement covered for replacement cost under this agreement is damaged by a covered cause of loss, we'll pay the costs necessary to demolish and clear the site of undamaged parts of such covered property as well as the increased costs of construction due to the enforcement of any ordinances or laws that:

- regulate the construction or repair of the damaged building or establish zoning or land use requirements at a covered location; or
- require the demolition of the undamaged parts of the building; and
- are in force at the time of the loss.

But we won't pay more than the demolition and increased cost of construction maximum per loss additional benefit limit shown in the Coverage Summary or 10% of the limit of insurance applicable to that covered building or improvement, whichever is less.

If a damaged building or improvement is covered under a blanket limit of insurance that applies to more than one building or item of property, the most we'll pay is the lesser of the demolition and increased cost of construction maximum per loss additional benefit limit shown in the Coverage Summary or 10% times the value of the damaged covered building or improvement as indicated in the statement of values or schedule.

This additional benefit does not apply to any costs due to an ordinance or law with which you were required to comply before the loss, even when the building was undamaged, and with which you did not comply.

This additional benefit does not apply to the costs associated with the enforcement of any ordinance or law which requires you or anyone else to:

- test for, monitor, cleanup;
- remove, contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

#### **Depositors Forgery**

We'll pay for loss resulting directly from forgery or alteration of a check, draft, promissory note or similar written promises or directions to pay money that are:

- made or drawn by you;
- drawn upon you;
- made or drawn by someone acting as your agent; or
- claims to have been so made or drawn.

We'll also pay for reasonable legal expenses that you incur and pay in defense, if you are sued on the basis of refusing to pay on any such forged or altered instrument, and you have our written consent to defend against the suit.

But we won't pay more than the additional benefit limit for depositors forgery shown in the Coverage Summary. This is the most we'll pay for loss including defense costs in any one event regardless of how many protected persons, property owners, covered items, or financial interests are involved.

**Event** means an act or series of related acts involving one or more persons.

**Protected persons** are people and organizations protected under this additional benefit.

#### **Employee Theft**

We'll pay for loss or damage to money, securities or other property resulting directly from theft by any of your employees. This can be money, securities or other property you own or that you're holding, whether or not you're liable for its loss. But we won't pay more than the additional benefit limit for employee theft shown in the Coverage Summary.

This protection applies only when there is evidence that the employee meant to cause you a loss. The evidence must also show that the employee intended that he or she or another person or organization would get some unearned financial benefit.

Financial benefit doesn't include salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment.

We won't consider any of the following to be an employee:

- agent, broker, factor, commissioner, merchant, consignee, independent contractor or representative of the same general character; or
- director or trustee, except while performing acts or duties within the scope of the usual duties of an employee.

#### **Endangered Property**

We'll pay for reasonable and necessary expenses you incur for the temporary protection and preservation of covered property actually damaged or threatened with imminent loss or damage from a covered cause of loss.

But we won't pay more than the additional benefit limit for endangered property shown in the Coverage Summary.

#### **Extra Expense**

We'll pay to help you maintain normal business operations following direct loss or damage by a covered cause of loss to covered property. We'll pay extra expenses that are over and above your normal operating costs and that are directly related to your covered loss.

But we won't pay more than the additional benefit limit for extra expense shown in the Coverage Summary.

We'll cover you from the date of the damage for as long as it should reasonably take to rebuild, repair, or replace your damaged covered property regardless of when this agreement ends.

We won't pay for loss of income. Nor will we pay for repairing, replacing, or restoring covered property.

#### **Fine Arts**

We'll pay for direct physical loss or damage by a covered cause of loss to your fine arts or the fine arts of others while in your care, custody, or control while in or on a building at a covered location or within 1,000 feet of it.

But we won't pay more than the additional benefit limit for fine arts shown in the Coverage Summary.

*Fine arts* mean antiques and objects of art of every nature and description.

#### **Fire Department Service Charge**

When the fire department is called to protect your covered property from a covered cause of loss, we'll pay for fire department service charges you've agreed to pay by contract or agreement prior to loss or as required by law.

But we won't pay more than the additional benefit limit for fire department service charge shown in the Coverage Summary. No deductible applies to this benefit.

#### **Fire Protective Equipment**

We'll pay the cost to refill your fire protection equipment if it accidentally



discharges or discharges as intended to control a covered loss.

But we won't pay more than the additional benefit limit for fire protective equipment shown in the Coverage Summary.

We won't cover any loss that happens at the time of installation, repair, or recharge of the fire protective equipment.

### **Inventory And Appraisals**

We'll pay for the cost of any inventory and appraisal that we require from you to determine the amount of direct physical loss or damage to covered property.

But we won't pay more than the additional benefit limit for inventory and appraisals shown in the Coverage Summary. However, this benefit does not apply to costs incurred from an agent or broker's employee or representative. In addition, this benefit does not apply to costs incurred from a public adjuster or their employee or representative.

### **Money And Securities**

We'll pay for loss of money and securities used in your business against direct physical loss or damage from theft, disappearance, or destruction. A separate limit applies for a covered loss that occurs:

- within a covered location or within a bank or savings institution; and
- away from a covered location en route to or from a bank or savings institution or within the living quarters of someone in charge of the property.

But we won't pay more than the additional benefit limits for money and securities shown in the Coverage Summary.

We'll consider all loss in connection with an actual or attempted dishonest or criminal act to be from one event, regardless of how many people committed the act.

*Money* means currency and coins used as legal tender, travelers checks, register checks, and money orders.

*Securities* means documents representing money or property, revenue stamps, other currently used stamps, tokens, tickets, and unused postage on meters, but not money.

*Property we won't cover.* We won't cover manuscripts, records or account books.

### **Newly Acquired Property**

We'll pay for direct physical loss or damage to new fixtures, alterations, or additions you add to a covered building or new buildings you acquire for use in your business. We'll also pay for newly acquired business personal property. But this benefit doesn't apply to stock at any location shown in the Coverage Summary, or to business personal property at a fair or exhibition.

But we won't pay more than the additional benefit limits for newly acquired property shown in the Coverage Summary.

Insurance under this newly acquired property benefit will end when any of the following first occurs:

- this policy or this agreement is canceled or expires.
- 180 days pass after you acquire the new property or begin installation or construction.
- you report the values of the newly acquired property to us.

We will charge you additional premium from the day the building or business personal property is acquired or installation or construction begins.

### **Off Premises Utility Failure**

We'll pay for direct physical loss or damage to covered property by a covered cause of loss that results from the failure of a utility service to a covered location. You must prove that the failure was a result of direct physical loss or damage to the utility service not at a covered location and from a cause of loss covered by this policy.

But we won't pay more than the additional benefit limit for off premises utility failure shown in the Coverage Summary.

*Utility services* means water, communications, and power supply services.

*Water supply services* means pumping stations and water mains supplying water to a covered location.

**Communications supply services** means property supplying communications services, including telephone, radio, microwave or television services to a covered location, such as:

- communications transmission lines, including optic fiber transmission lines;
- coaxial cables; and;
- microwave radio relays, excluding satellites.

**Power supply services** means:

- utility generating plants;
- switching stations;
- substations;
- transformers; and
- transmission lines, supplying electricity, steam or gas to a covered location.

#### **Outdoor Property**

We'll pay for direct physical loss or damage to the following at a covered location when the loss is caused by fire, lightning, explosion, vehicles, aircraft, civil disturbance, riot, or vandalism:

- outdoor trees, shrubs, plants; and
- outdoor fences.

But we won't pay more than the additional benefit limit for outdoor property shown in the Coverage Summary.

This benefit doesn't apply to trees, shrubs, or plants grown commercially.

#### **Personal Belongings**

We'll pay for direct physical loss or damage by a covered cause of loss to personal belongings owned by you, your officers, your partners or members, your managers, or your employees at locations scheduled or described in the Coverage Summary.

We'll apply this additional benefit on a primary basis without regard to other valid or collectible insurance. But we won't pay more than the additional benefit limit for personal belongings shown in the Coverage Summary.

**Worldwide coverage extension.** If this option is indicated in the Coverage Summary, we'll extend the coverage territory for personal belongings to be worldwide.

#### **Pollution Cleanup And Removal**

We'll pay for the cost to cleanup and remove pollution that is in the land or water at a covered location.

For example:

*A fire in your warehouse causes chemicals to run onto the ground and into a nearby river. You are required by law to cleanup the contaminated ground and water. We'll only pay to cleanup the contaminated land and water at your premises and only up to the limit that applies to this benefit. We won't pay anything for the cleanup of land or water away from your premises.*

We'll only pay for pollution cleanup and removal if:

- the discharge, dispersal, seepage, migration, release, or escape of the pollutants is caused by a covered cause of loss; and
- the cause of loss occurs during the policy period to covered property at a covered location.

This additional benefit does not apply to the costs to test for, monitor, or assess the existence, concentration, or effects of pollutants. But we will pay for testing which is performed in the course of extracting the pollutants from land or water.

To be covered, cleanup and removal costs must be reported to us in writing within 180 days of the date of direct physical loss or damage to covered property.

But we won't pay more than the additional benefit limit for pollution cleanup and removal shown in the Coverage Summary.

The limit shown in the Coverage Summary is the maximum we'll pay in any one annual policy period regardless of the number of losses that occur.

#### **Property In Transit**

We'll pay for direct physical loss or damage by a covered cause of loss to your business personal property or the property of others while in transit within the United States, its territories and possessions, Canada and Puerto Rico or between these places.

But we won't pay more than the additional benefit limit for property in transit shown in the Coverage Summary.

This benefit doesn't apply to any property sent by electronic transmission.

**Worldwide coverage extension.** If this option is indicated in the Coverage Summary, we'll extend the coverage territory for property in transit to be worldwide.

### **Radioactive Contamination**

We'll pay for direct physical loss or damage to covered property caused by radioactive contamination, provided that:

- radioactive contamination arises out of material at a covered location;
- radioactive material is kept at the covered location for the purpose of your operations; and
- there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel meant for use in such a reactor at the covered location.

But we won't pay more than the additional benefit limit for radioactive contamination shown in the Coverage summary.

*Radioactive contamination* means

- sudden and accidental radioactive contamination.
- radiation damage to covered property which results from such contamination.

### **Random Attack - Hacking Event Or Computer Virus**

We'll pay for direct physical loss or damage caused by a random attack by a hacking event or computer virus.

*Random attack* means the widespread attack, by a hacking event or computer virus, directed against the computer systems, software, data, or telecommunications systems of multiple organizations or persons who are not part of you, rather than solely at your computer systems, software, data, or telecommunications systems. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

*Hacking event* means an attack which allows unauthorized access or use of a computer or telecommunications system by electronically circumventing a security system or procedure.

*Computer virus* means a piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data or any computer application software, computer network, or computer operating system and related software.

But we won't pay more than the additional benefit limit for random attack - hacking event or computer virus shown in the Coverage Summary.

### **Rewards**

We'll reimburse you for any monetary reward you have offered with our prior consent for information that leads to the arrest and conviction of any individual committing or trying to commit any illegal act related to a covered cause of loss or damage to covered buildings or covered business personal property. Any such reward will be handled and administrated by the authorities with jurisdiction in the matter.

But we won't pay more than the additional benefit limit for rewards shown in the Coverage Summary. In addition, neither you, your partners, your officers, nor your employees will be eligible to receive the reward.

### **Telecommunications Theft**

We'll pay amounts you are obligated to pay for charges incurred arising out of the theft of telecommunications services.

*Theft of telecommunications services* means the intentional, unauthorized, and fraudulent gaining of access to outgoing long distance telephone service through infiltration and manipulation of your telecommunications systems from a location not owned by you.

*Telecommunications system* means telephone, fax, data, or computer transmission services provided by or to you by others.



But we won't pay more than the additional benefit limit for telecommunications theft shown in the Coverage Summary.

#### **Unscheduled Locations**

We'll pay for direct physical loss or damage by a covered cause of loss to covered business personal property while the covered property is at any unscheduled location.

Business personal property at unscheduled locations includes but is not limited to property:

- at processors;
- off site for repair, service, or installation;
- on consignment or approval;
- salespersons samples;
- on exhibit or at fairs; or
- at temporary locations.

But we won't pay more than the additional benefit limit for unscheduled locations shown in the Coverage Summary. This benefit only covers business personal property at a fixed location; it doesn't cover business personal property while in transit.

**Worldwide coverage extension.** If this option is indicated in the Coverage Summary, we'll extend the coverage territory for unscheduled locations to be worldwide.

#### **Valuable Records Research**

We'll pay for research and other expenses necessary to reproduce, replace, or restore valuable records which have suffered direct loss or damage by a covered cause of loss while at a covered location.

But we won't pay more than the additional benefit limit for valuable records research shown in the Coverage Summary.

*Valuable records* include account books, manuscripts, abstracts, drawings, card index systems, and other printed or written documents. Valuable records also include maps, films, tapes, and other such material. But it doesn't include computer software or data.

#### **Voluntary Surrender**

We'll pay for the direct physical loss or damage to your covered property taken from

you by theft caused by your voluntarily giving the possession of or title to covered property to someone else. But we'll cover this kind of loss only if you are the victim of some fraudulent scheme, trick, device, or false pretense.

But we won't pay more than the additional benefit limit for voluntary surrender shown in the Coverage Summary.

This coverage does not protect you against the inability or failure of a buyer to pay you for covered property as promised unless it can be shown that the buyer acted with criminal intent to steal the property from you.

#### **Exclusions - Losses We Won't Cover**

When we use the word "loss" in this section we also mean damage.

**Acts or decisions.** We won't cover loss caused by or resulting from any act or decision or by the failure to act or decide, of any person, group, organization, or unit of government. If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Boilers.** We won't cover loss to a steam boiler, steam pipe, steam turbine, steam engine, when the loss is caused by or resulting from any condition or event within such equipment. Nor will we cover loss caused by or resulting from the explosion of a steam boiler, steam pipe, steam turbine, or steam engine, that you own, operate, or lease.

We won't cover loss to a hot water boiler or any other equipment for heating water when the loss is caused by or results from any condition or event within such equipment other than an explosion.

If fire or explosion results, we'll pay for that resulting loss. We'll also cover loss caused by or resulting from the explosion of accumulated gas or unconsumed fuel in the firebox or combustion chamber of a fired furnace or in the flues or passages leading from the firebox chamber.

**Collapse.** We won't cover loss caused by or resulting from collapse unless due to any of the following causes of loss:

- fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, and volcanic action;
- building glass breakage, falling objects, weight of ice, snow, or sleet, water damage;
- decay that is hidden from view, unless the presence of such decay is known or should have been known to an insured prior to collapse;
- insect or vermin damage that is hidden from view, unless the presence of such damage is known or should have been known to an insured prior to collapse;
- weight of people or business personal property or other personal property;
- weight of rain which collects on a roof; or
- use of defective material or methods in construction, remodeling, or renovation if the collapse occurs before such work is completed.

**Collapse** means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse. A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building. A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

**Contamination.** We won't cover loss caused by or resulting from any kind of contamination of your covered products or covered property.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Defects or errors.** We won't cover loss caused by or resulting from:

- defects or errors in the materials, design, development, distribution, processing, manufacturing, workmanship, testing, alteration, or repair of covered property;
- errors in systems programming; or

- errors in instructions to a machine.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Disappearance.** We won't cover loss of property that is missing where:

- the only evidence of the loss is a shortage disclosed on taking inventory; or
- there is no physical evidence to show what happened to the property.

**Dishonesty.** We won't cover loss caused by or resulting from any fraudulent, dishonest, or criminal act committed by you or by a partner, member, manager, director, officer, trustee, agent or employee, including leased employee, of yours. Nor will we cover dishonest acts of anyone that you entrust with covered property other than a common carrier.

This exclusion doesn't apply to acts of destruction by your employees, including leased employees. Nor does this exclusion apply to the additional benefit for employee theft.

**Earth movement.** We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- earthquake, including any earth sinking, rising, or shifting related to such event.
- landslide, including any earth sinking, rising, or shifting related to such event.
- mine subsidence, meaning subsidence of a manmade mine, whether or not mining activity has ceased.
- earth sinking (other than sinkhole collapse), rising, or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil, and the action of water under the ground surface.
- eruption, explosion, or effusion of a volcano other than volcanic action.

**Sinkhole** means underground empty spaces created by the action of water on limestone or dolomite. We'll cover loss caused by sudden sinking or collapse into a sinkhole of the earth supporting covered property.

**Volcanic action** means direct loss or damage resulting from a volcano when the loss or damage is caused by:

- airborne volcanic blast, airborne shock waves;
- ash, dust, or particulate matter; or
- lava flow.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to covered property.

If fire, explosion, glass breakage, theft, or volcanic action results, we'll pay for that resulting loss.

If more than one earth movement or volcanic eruption occurs within any 168 hour period, we'll consider this one event.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Electrical damage.** We won't cover loss to electrical equipment, including wiring, caused by or resulting from electrical arcing. We also won't cover loss to electronic recordings caused by or resulting from electrical or magnetic injury, disturbance or erasing.

If a fire results, we'll pay for that resulting loss.

But we won't apply this exclusion to computer hardware, software, or data.

**Flood.** We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- flood;
- surface water; or
- mudslide or mudflow.

**Flood** means waves, tides or tidal water, the rising of bodies of water and streams, or the overflowing or breaking of their boundaries, whether driven by wind or not.

**Surface water** means water which accumulates or flows on the surface of the ground, and is created by natural causes such as rain, melted snow, or rising springs, but which follows no defined watercourse

and does not gather into or form a natural body of water, such as a river or lake.

If fire, explosion, or sprinkler leakage results, we'll pay for that resulting loss.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Governmental action.** We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- seizure or destruction of property under quarantine or customs regulation; or
- confiscation by any government or public authority.

But this exclusion won't apply to property destroyed by a civil authority in order to stop the actual spread of fire. *For example, to establish a fire break.*

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Indirect loss.** We won't cover loss caused by or resulting from:

- delay;
- loss of market;
- loss of use; or
- any indirect loss.

**Mechanical breakdown.** We won't cover loss caused by or resulting from:

- mechanical breakdown or failure;
- derangement of mechanical parts; or
- rupture caused by centrifugal force.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

But we won't apply this exclusion to computer hardware, software, or data.

**Nuclear activity.** We won't cover loss caused directly or indirectly by nuclear reaction, nuclear radiation, or radioactive contamination. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. If fire results, we'll pay for that resulting loss.

This exclusion won't apply to the additional benefit for radioactive contamination.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Ordinances, regulations, or laws.** We won't cover loss caused directly or indirectly by the enforcement of any ordinance, regulation, or law governing the use, construction, repair, or demolition of any property. This includes removal of debris. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion applies whether the loss results from:

- an ordinance or law that is enforced even if the covered property has not been damaged; or
- the increased costs are incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of covered property, or the removal of the debris, following a physical loss to covered property.

This exclusion won't apply to either the additional coverage for undamaged portion of the building or the additional benefit for demolition and increased cost of construction.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Planning, design, materials, maintenance.** We won't cover loss caused by or resulting from faulty, inadequate or defective:

- planning, zoning, development, surveying, siting;
- design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- materials used in repair, construction, renovation or remodeling; or
- maintenance.

All of the above apply to part or all of any property on or off of a covered location.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Pollution.** We won't cover loss that is caused by or results from pollution unless the pollution is caused by or results from any of the following covered causes of loss.

- fire;
- lightning;
- explosion;
- wind or hail;
- smoke;
- vehicles and aircraft;
- civil disturbance and riot;
- vandalism;
- sprinkler leakage;
- sinkhole collapse;
- volcanic action;
- falling objects;
- weight of snow, ice, or sleet;
- water damage; or
- collision, upset, or overturn of a transporting vehicle:
- while at a covered location; or
- away from covered locations when the transporting vehicle is owned, operated, rented, leased or borrowed by you.

*Pollution* means the actual, alleged, or threatened discharge, dispersal, release, leakage, seepage, migration, or escape of pollutants.

However, we won't pay for the costs associated with the enforcement of any ordinance, regulation, or law which requires you or anyone else to:

- test for, monitor, cleanup, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants.

*Pollutants* mean any solid, liquid, gaseous or thermal irritant, or contaminant including:

- smoke, vapors, soot, fumes;
- acids, alkalis, chemicals; and
- waste or waste pollutants.

*Waste* includes materials to be recycled, reconditioned, or reclaimed.

*Waste pollutants* mean those pollutants which are at any time transported, handled,

stored, treated, disposed of, or processed as waste by or for you or any other person or organization for whom you're legally responsible.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**Random attack - hacking event or computer virus.** We won't cover loss caused directly or indirectly by a random attack by a hacking event or computer virus. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion doesn't apply to any specific attack nor to the additional benefit for random attack - hacking event or computer virus.

*Specific attack* means the intentional attack, by a hacking event or computer virus, directed solely at your computer system, software, data or telecommunications system. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

**Settling, smog.** We won't cover loss caused by or resulting from:

- settling, cracking, bulging, shrinking, or expansion of a pavement, foundation, wall, roof, or ceiling; or
- smog, smoke, vapor, or gas from agricultural or industrial operations.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

**Utility failure.** We won't cover loss or damage caused directly or indirectly by the failure of power or other utility service supplied to a covered location if the break in service occurs away from that location. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If a loss not otherwise excluded results, we'll pay for that resulting loss.

This exclusion won't apply to the additional benefits for off premises utility failure.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Voluntary surrender.** We won't cover the loss caused by or resulting from covered property that is voluntarily sold or given to someone who obtains it by trick, device, false pretense, or other fraudulent schemes.

But this exclusion won't apply to the additional benefit for voluntary surrender.

**War.** We won't cover loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- war (declared or undeclared);
- warlike action by a military force, including anything done to hinder or defend against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
- invasion or insurrection;
- rebellion, revolution, or civil war;
- seizure of power; or
- anything done to hinder or defend against these actions.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

**Wear, tear, deterioration, animals.** We won't cover loss caused by or resulting from:

- wear and tear;
- deterioration, mold, wet or dry rot, rust, or corrosion;
- shrinkage, evaporation, loss of weight;
- changes in flavor, color, texture, or finish;
- spoilage to business personal property including perishable goods;
- nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals; or
- the inherent nature of the property.

*Inherent nature* means a latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If loss from fire, smoke, lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of



ice, snow, or sleet or water damage results, we'll pay for that resulting loss.

*Water damage* means the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance, other than a sump system, containing water or steam.

### **Exclusion Exceptions**

The following exclusions in the Exclusions - Losses We Won't Cover section don't apply to the additional benefits for accounts receivable, deferred payments, fine arts, property in transit, or valuable records research:

- Boilers;
- Contamination;
- Electrical damage;
- Mechanical breakdown;
- Settling - smog;
- Utility failure; and
- Wear - tear - deterioration - animals.

### **Rules For Loss Adjustment**

When a loss occurs, we'll consider the following factors in determining what we'll pay:

- How Your Property Is Valued
- Deductible
- Coinsurance Rule
- Other Insurance

We may take over any of the damaged or destroyed property at its agreed or appraised value. We can choose to repair, rebuild or replace the property ourselves provided we give you notice within 30 days after we get your proof of loss. You agree that you won't merely abandon this property to us.

#### **How Your Property Is Valued**

The Coverage Summary indicates whether property is insured:

- on an actual cash value basis, or
- on a replacement cost basis.

#### **Property insured on an actual cash value basis.**

For property insured on an actual cash value basis, we'll pay the smallest of the following:

- the actual cash value of the lost or damaged property at the time of loss;
- the amount it would cost to repair or replace the property with similar kind or quality; or
- the limit of coverage that applies to the property.

#### **Property insured on a replacement cost basis.**

For property insured on a replacement cost basis, we'll pay the cost of repairing or replacing the damaged property without deduction for depreciation. But we won't pay more than the smallest of the following:

- the amount you actually spend in repairing the damage;
- the amount you actually spend replacing the damaged property at the time of the loss with new property of similar kind and quality to be used for the same purpose; or
- the limit of coverage that applies to the property.

If a building is rebuilt at a new location, the amount we will pay is limited to the cost which would have been incurred if the building had been rebuilt at the original location.

We won't pay on a replacement cost basis until property has actually been repaired or replaced.

*You can choose actual cash value.* If replacement cost coverage applies to lost or damaged property, you may choose to have the loss paid on an actual cash value basis if you believe it's to your advantage to do so. For example:

*The amount of insurance on the property may not be enough to comply with the coinsurance rule on a replacement cost basis; or you may decide not to rebuild.*

If you have chosen actual cash value you can still change your mind and have the loss paid on a replacement cost basis if you tell us in writing within 180 days from the time of the loss.

**Special rules for building ordinances or laws.**

The following rules are applicable to the additional coverage for building ordinances or laws. If the covered property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

We'll only pay for the increased costs of upgrading damaged parts of a covered building to comply with the minimum requirements of any building code in force at the time of the loss which governs the repair or replacement of the damaged covered building.

If a covered building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction, subject to the limit of coverage, is the increased cost of construction at the same premises.

If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction, subject to the limit of coverage, is the increased cost of construction at the new premises.

We won't pay for increased construction costs:

- until the covered property is actually repaired or replaced; and
- unless the repairs or replacements are made as soon as reasonably possible, but not more than two years after the loss or damage. We may, however, give you permission in writing to extend this period beyond the two years.

If the covered property is not repaired or replaced, we won't pay more under this additional coverage than the amount you actually spend to demolish and clear the site of a covered location.

**Rules for valuing special property.** The following special rules apply.

**Setting a value on finished stock.** If this option is checked under the valuation options on the Coverage Summary, we'll consider the value of your finished stock to be the price at which it was sold or the price at which it would have been sold had no loss occurred. That price will be reduced by any discounts given and any expenses

that haven't actually been incurred. However, this provision does not apply to any computer software or data.

**Finished stock means** your manufactured product when it's ready for packing, shipment, or sale.

**Brands and labels.** If your stock is damaged, you have two options when you don't want to sell your damaged stock under your brand or label even though the damaged stock has a salvage value:

- remove the brand or label and then relabel the stock to comply with the law; or
- label the damaged stock as salvage but, in doing so, cause no further damage to the damaged stock.

In either case, valuation will include the difference between:

- the salvage value of the damaged stock with the brand or label attached; and
- the salvage value of the damaged stock with the brand or label removed.

**Pairs and sets.** We'll pay for the consequential loss of your undamaged business personal property.

**Consequential loss** means a part or parts of your product are physically lost or damaged by a covered cause of loss causing the part or parts that are not damaged to be unmarketable as a complete product.

**Setting a value on improvements.** We explain what improvements are covered on page 3. If you're a tenant you may repair or replace a damaged improvement at your own expense. If you do so within a reasonable amount of time, we'll figure the value of the improvement at actual cash value or replacement cost, whichever is indicated in the Coverage Summary.

But if the damaged improvement isn't repaired or replaced within a reasonable amount of time, we'll figure its value differently. We'll take the original cost of the improvement and multiply that by a fraction. The fraction is obtained by dividing the amount of time left on your lease when the loss occurred by the amount of time left when the improvement was originally made.

$$\text{Original cost} \times \frac{\text{Remainder of lease when loss occurred}}{\text{Remainder of lease when improvement made}} = \text{Value of Improvement}$$

For example:

*You make a \$5,000 improvement on your office one year before your lease expires. Six months later it's destroyed. If you don't repair it within a reasonable time, we'll consider the improvement's value to be:*

$$\$5,000 \times \frac{6 \text{ months}}{12 \text{ months}} = \$2,500$$

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

*Setting a value on accounts receivable.*

We'll determine the amount of accounts receivable outstanding as of the time of loss by the following method:

- determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
- adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

The following will be deducted from the total amount of accounts receivable:

- the amount of the accounts for which there is no loss;
- the amount of the accounts that you are able to re-establish or collect;
- an amount to allow for probable bad debts that you are normally unable to collect; and
- all unearned interest and service charges.

*Setting a value on software and data.*

We'll consider the cost of software and data to be no more than the cost of blank materials plus the costs you incur for replacing, reproducing, transcribing, or copying them. This applies to software and data that are actually replaced or reproduced. If they are not replaced or reproduced, we'll pay only the cost of blank materials. Pre-

packaged software is valued at the cost to replace and re-install.

*Software* means programs that are either purchased or written on a custom basis, which are regularly used with a computer system.

*Data* means facts, concepts, or instructions converted to a form useable in computer operations.

*Setting a value on other records.* As described in the additional benefit for valuable records research, we'll pay for research and other expenses to reproduce, replace, or restore valuable records. Valuable records are defined in the Additional Benefit section.

We'll consider the value of other records, account books, manuscripts, abstracts, drawings, or card systems to be no more than the cost of blank material plus labor you incur in transcribing or copying them. But this clause does not apply to valuable records research coverage as provided in the Additional Benefits section.

*Setting a value on fine arts.* Fine arts are valued based on the market value at the time of loss. When the lost or damaged article is part of a pair or set, you may choose one of the following methods of loss payment. We'll pay you:

- the market value of the entire pair or set. You'll return to us the remaining pieces; or
- the cost to repair the damaged pieces and you'll keep the undamaged pieces. If the pair or set, with the repaired pieces, has a lower value than it had prior to the loss, we'll also pay the difference. In no event will we pay more than the value the pair or set had prior to the loss; or
- the market value of the lost or damaged pieces prior to the loss when the pieces cannot be found or repaired. You'll keep the undamaged pieces. If the remaining pieces have a reduced value, we'll pay the difference between the value of the remaining pieces prior to the loss and after the loss. In no event will we pay more than the value the pair or set had prior to the loss.

We explain what we mean by fine arts in the Additional Benefits section.



**Setting a value on money and securities.** We may choose to pay for a money or securities loss in the United States dollar equivalent determined by the rate of exchange on the date you discover the loss.

**Money.** Money losses will be determined by its face value.

**Securities.** Securities losses will be determined by their value at the close of business on the day you discover the loss. We may, at our option:

- pay the value of such securities or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those securities; or
- pay the cost of any lost securities bond required in connection with issuing duplicates of the securities. But we'll only pay the cost of a bond with an amount of coverage that doesn't exceed the value of the securities at the close of business on the day you discovered the loss; or the limit of coverage under this agreement, whichever is less.

**Expenses we'll cover for waterborne shipments.** For waterborne shipments you, your agents, assigns or representatives are all permitted and obligated to pursue any action which may be necessary to:

- reduce actual or imminent loss to covered property; and
- to recover the covered property.

We agree to bear our part of the expenses you voluntarily incur to protect or recover the covered property. We'll also pay general average and salvage charges for covered waterborne shipments.

#### **Deductible**

Your deductible is shown in the Coverage Summary. You'll be responsible for this amount of loss in each event. We'll pay the rest of your covered loss up to the limits of coverage that apply.

#### **Coinsurance Rule**

This coinsurance rule only applies if the Coverage Summary shows a coinsurance percentage for the covered property.

If a percentage is shown, you agree to insure your property for a minimum amount.

In return, we agree to reduce the premium that would otherwise apply to your property.

We won't include the value of property covered under your additional benefits or the cost of debris removal in figuring your minimum amount.

**What's the minimum amount?** The minimum amount is the actual cash value or replacement cost of your property, whichever is indicated in the Coverage Summary, multiplied by the applicable coinsurance percentage. If your insurance under this agreement includes more than one limit of coverage, we'll apply this coinsurance rule separately to the property covered under each limit. For example:

*If actual cash value is indicated, we'll use the actual cash value of all property insured under the same limit of coverage in figuring the minimum amount, as shown below:*

Actual cash value of building at time of loss (including building items)	\$100,000
Coinsurance percentage (80%)	<u>x .80</u>
Minimum amount you agree to insure	\$80,000

Replacement cost coverage may be indicated in the Coverage Summary; however, you can choose to have your loss paid on an actual cash value basis. If so, we'll consider the minimum amount to be the actual cash value of the lost or damaged property multiplied by the applicable coinsurance percentage.

Because property values change, we'll figure the minimum amount at the time a loss occurs. Therefore, it's important for you to review the amount of your insurance periodically to be sure you're complying with this agreement.

**How the rule works.** If at the time of loss your property is insured for the minimum amount or more, this coinsurance rule won't have any effect on what we'll pay up to the limit of liability shown in the Coverage Summary.

However, if your property is insured for less than the minimum amount at the time of loss, you'll have to share your loss with us. Here's how we'll determine what we'll pay and what your share will be:

First, the amount of your insured loss less the deductible will be determined. Then we'll divide the amount of insurance you had on your property by the minimum amount you should have had. We'll pay this percentage of your loss up to the applicable limit of coverage or 100% of the loss, whichever is less. The rest is your share. Here's an example of how it works:

Amount of your loss	\$40,500
Deductible	\$500
Amount of your loss less the deductible	\$40,000
Amount of insurance you had	\$60,000
Minimum amount you should have had	\$80,000
$\frac{\$60,000}{\$80,000} = .75 \text{ or } 75\%$	
75% of \$40,000 = \$30,000	

In this example, we'll pay \$30,000 of your loss. The remaining \$10,000 plus the \$500 deductible is your share.

From this example, you can see that it's important to keep your property insured for at least the coinsurance percentage you agreed to. Otherwise we may only pay a part of your loss.

#### **Agreed Amount Option**

The Coverage Summary will indicate whether or not this option applies. It will also list the locations, if any, that this option applies to, the agreed amount, and the agreed amount expiration date.

This option suspends the Coinsurance Rule for covered property to which this option applies. At the time of loss, we'll pay the percentage that the applicable limit of coverage is of the agreed amount that applies. For example:

$$\frac{\text{Limit of coverage}}{\text{Agreed amount}} = \frac{\$30,000}{\$30,000} = 100\%$$

So, if the amount of your loss is \$10,000, we'll pay \$10,000 less your deductible. But we won't pay more than the limit of coverage that applies.

**Agreed amount expiration date.** This Agreed Amount Option expires on the date shown in the Coverage Summary. At that time, we'll automatically reinstate the Coinsurance Rule.

#### **Other Insurance**

Insurance under a separate policy may apply to your covered loss. If the separate policy is subject to the same terms and conditions as this policy, we'll pay our pro rata portion of the covered loss or damage. Our share will be the same proportion of the loss that our limit of coverage bears to the total of all available limits. If the separate policy more specifically insures the property, we'll pay the amount of your covered loss left after the separate policy has been used up, less the deductible. But we won't pay more than the limit of coverage under this agreement. Excess coverage under this agreement will not apply to the deductible amount of more specific insurance.

#### **Adjusting Losses**

If there's a covered loss to your property we will adjust the loss with you. If there's a covered loss to someone else's property, we'll adjust the loss with you for the owner's account. We can choose to settle directly with the owner. If we settle with the owner, the owner's release will satisfy any claim you make for the same loss.

#### **Who We'll Pay For Loss To Business Personal Property**

If the Coverage Summary identifies a person or organization to receive payments for loss to business personal property or personal property covered under building items, we'll adjust the loss with you. However, payment will be made to you and the person or organization named, based on the financial interest each has in the covered property.

#### **If Your Building Is Mortgaged**

If the Coverage Summary identifies a mortgageholder, this section applies. We'll consider trustees to have the same rights and duties as mortgageholders.

**Rights and duties of mortgageholders.** We'll make payments for losses to you and any mortgageholder based on the interest each has in the building.

The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

If we deny your claim because of your acts or because you haven't complied with the terms of this agreement, the mortgageholder will still have the right to receive loss payments if the mortgageholder:

- pays any premium when due at our request when you fail to do so;
- submits a signed, sworn proof of loss when you fail to do so; and
- notifies us when aware of any change in ownership, occupancy or risk.

The same rules and conditions that apply to you will then apply to the mortgageholder.

**Transfer of mortgageholder's right to us.** If we pay your mortgageholder for loss or damage and deny payments to you because of your acts or because you haven't complied with the terms of this agreement, the mortgageholder's rights to recover that amount from you will then belong to us to the extent of the amount we pay. But that won't affect your mortgageholder's rights to recover the remaining amount of the mortgage debt from you.

We also have the right to pay off the mortgage debt. If we do, we'll take over the mortgageholder's right to be repaid by you.

**Cancellation notice to mortgageholder.** If we cancel this agreement, we'll mail or deliver a cancellation notice to your mortgageholder at least 30 days before coverage ends - 10 days if we cancel for non-payment of premium.

**Nonrenewal notice to mortgageholder.** If we elect not to renew this policy, we'll mail or deliver a nonrenewal notice to your mortgageholder at least 10 days before the expiration date of the policy.

#### **Other Rules For This Agreement**

**Insurance for your benefit.** This insurance is for your benefit. No third party having temporary possession of your property, such as a transportation company, can benefit directly or indirectly from it.

**Buildings that are vacant.** A building is vacant when it does not contain enough business personal property to conduct customary operations. We won't consider buildings under construction to be vacant. If a building is vacant, we'll reduce our payment for covered losses by 15% for a loss that occurs after the first 60 consecutive days of vacancy. You may buy an endorsement which extends the period your building may be vacant. If you do, the 15% penalty does not apply during that period.

After 60 consecutive days of vacancy, we will not pay for loss or damage due to the following, even if they're covered causes of loss:

- vandalism;
- sprinkler leakage, unless the system has been protected against freezing;
- building glass breakage;
- water damage;
- theft; or
- attempted theft.

**Construction or repairs.** You may make additions, alterations or repairs to covered property without notifying us beforehand.

#### **Unintentional errors and omissions.**

Unintentional errors and omissions including:

- improper description of a covered location;
- incorrect reporting of values; or
- failure to report a location

won't affect your rights under this policy, provided you notify us after you discover such an error or omission.

We retain the right to collect any additional or retroactive premium due to any unintentional error or omission.

**Preserving your rights.** The following replaces the Recovering Damages From A Third Party section in the General Rules.

You must do all you can to preserve any rights you have to recover your loss from others. If you do anything to impair these rights, we won't pay for your loss.

Before a loss occurs, you can give anyone a written release from any responsibility for losses to property. You can also accept ordinary bills of lading from a shipper, even

if they limit the carrier's liability for losses.  
But after a loss you can release only:

- your tenant;
- another person covered under this policy;  
or
- any firm or organization that you own or  
control or that owns or controls you.

**TECHNOLOGY VISIONPAK  
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION  
BLANKET EARNINGS AND EXPENSE COVERAGE SUMMARY**



This Coverage Summary shows the coverage options and other applicable conditions that apply to your Blanket Earnings and Expense coverage.

**Blanket Earnings And Expense Limit Of Coverage \$1,200,000**

**Locations Covered**

Loc. No. Address

SEE VP002 FOR SCHEDULE OF COVERED LOCATIONS.

**Ordinary Payroll** ☒ Included ☐ Excluded

**Deductible** \$SEE VP001 **Hours** **Business Days**

Refer to the Insuring Agreement for an explanation of coverage.

<b>Additional Benefit</b>	<b>Additional Benefit Limit</b>
Contract Penalties	\$25,000
Inventory and Appraisals	\$25,000
Off Premises Utility Services	\$25,000
Pollution Clean-up and Removal	\$25,000
Property in Transit	\$25,000
Radioactive Contamination	\$25,000

Additional Benefit Restrictions

**Name of Insured** **Policy Number** ZLP-11R18933-12-I4 **Effective Date** 09/11/12  
VENDINI, INC. **Processing Date** 09/07/12 10:12 001

VP005 Ed. 3-99 Coverage Summary  
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**TRV-POL 083**



**TECHNOLOGY VISIONPAK  
INFORMATION TECHNOLOGY PREMIER PROPERTY PROTECTION  
BLANKET EARNINGS AND EXPENSE ENDORSEMENT**

This endorsement changes your Technology Premier Property Protection.

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**How Coverage Is Changed**

This endorsement adds earnings and extra expense coverage to your Premier Property Protection. The locations that this endorsement applies to and the limits of coverage are shown in the Coverage

*Project research and development documentation* means written, printed, or otherwise inscribed documents, plans and records directly associated with your research and development operations.

*Suspension* means:

- the slowdown or cessation of your business activities; or

- that part or all of the covered location is rendered untenable.

**Optional ordinary payroll exclusion.** If this option is indicated in the Coverage Summary, we won't cover ordinary payroll expenses.

*Ordinary payroll expenses* mean payroll expenses for all your employees except:

- officers;
- executives;
- department managers; and
- employees under contract.

It includes expenses from:

- payroll;
- employee benefits, if directly related to payroll;
- FICA payments;
- union dues; and
- workers compensation premiums.

*Extra expenses* means the necessary expenses you incur during the period of restoration that you wouldn't have incurred if there had been no direct physical loss or damage to property caused by a covered cause of loss.

Extra expenses includes the necessary expenses you incur to replace or repair prototypes and project research and development documentation.

*Period of restoration* means the length of time that:

- begins with the date of direct physical loss or damage due to a covered cause of loss at the covered location; and
- ends on the earliest of the following:
  - the date you could restore your operations, with reasonable speed, to the level which would generate the earnings amount that would have existed if no direct physical loss or damage occurred; or
  - not more than 365 consecutive days after it should reasonably take to restore your operations, if you are unable to reach the level of earnings amount that would have existed if no direct physical loss or damage occurred.

The period of restoration includes any increased amount of time needed to repair

or rebuild the property to comply with the minimum standards of any ordinance or law in force at the time of the loss which governs the use, construction, repair, or demolition of any property. However, it doesn't include any increased amount of time needed due to the enforcement of any ordinance, regulation, or law requiring you or others to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess the effects of pollutants as defined in the Technology Premier Property Protection.

The expiration date of this policy won't end the period of restoration.

*Operations* means the kind of business activities that occur at the covered location.

#### **Additional Coverages**

The following coverages are included. The limits indicated for these coverages are not in addition to the limits of coverage for blanket earnings and expenses shown in the Coverage Summary.

**Alterations and new buildings.** We'll pay for your actual loss of earnings and extra expenses due to direct physical loss or damage from a covered cause of loss to alterations, additions, or new construction. This includes direct physical damage to materials and equipment used in construction or intended for use by occupants when work is completed. The material or equipment must be on or within 1000' of a covered location.

If the damage to the construction, materials, or equipment delays the start of your business operations, we'll figure your loss from the day operations would have started had no loss occurred. For example:

*You have a successful manufacturing plant and plan to move into an addition on May 1. In March, a fire damages the addition while it's being built and the move into the addition is delayed until June 1. We'll cover your loss of earnings and necessary extra expense for the month of May.*

**Dependent properties.** You may have a necessary business suspension due to direct physical loss or damage to dependent properties anywhere in the world. If the



suspension is due to a covered cause of loss, we'll pay for your actual loss of earnings and extra expenses up to 10% of your blanket earnings and expense coverage limit, but not more than \$250,000 in any one policy year.

**Dependent property** means a business, other than those indicated under Off Premises Utility Services, you don't own or operate but depend on to:

- provide goods or services which you need for your operations;
- purchase your goods or services;
- manufacture your products for delivery to your customers under contract of sale; or
- attract customers to the location of your business.

**Interruption by civil authority.** We'll pay your actual loss of earnings and extra expense when a civil authority, like a fire department, denies access to the covered location. This denial of access must result from direct physical loss or damage to property, other than at the covered location, caused by or resulting from a covered cause of loss.

The coverage for loss of earnings will begin after any applicable deductible and the coverage for extra expense will begin immediately following denied access. Coverage will apply for a period up to 30 consecutive days while access is denied.

**Ingress/egress.** We'll pay your actual loss of earnings and extra expenses that result from the necessary suspension of your operations due to the loss of ingress to or egress from a covered location. The loss must be caused by direct physical loss or damage to property at a location other than a covered location. The loss or damage must occur while this policy is in effect and must be due to a covered cause of loss.

We'll pay for loss up to 30 consecutive days from the date a covered location is no longer accessible. The loss or damage to property at a location other than a covered location must occur within a 15 mile radius of a covered location.

**Newly acquired property.** We'll pay for your actual loss of earnings and extra expense due to direct physical loss or damage by a covered cause of loss to newly acquired buildings or newly acquired business personal property. We'll pay up to 10% of your blanket earnings and expense coverage

limit, but not more than \$250,000 at any one location.

This benefit ends at the earliest of the following:

- when this policy expires;
- 180 days after you acquire the property; or
- when you tell us whether you want this coverage to apply to that location.

Additional premium will be due from the day the property is acquired.

#### **Additional Benefits**

All of the following additional benefits are in addition to the limits of coverage for blanket earnings and expenses shown in the Coverage Summary. The limit for each additional benefit is shown in the Coverage Summary.

Unless otherwise restricted, these limits are applicable at any location described in the Coverage Summary or at any location covered under this agreement. The limit for property in transit is applicable to business personal property that is away from a covered location.

Although applicable at any location, the indicated limit for any of these additional benefits is also the most that we will pay for loss or damage, regardless of the number of locations involved, that results from a single event such as a tornado or a hurricane.

All other terms in this endorsement and the Premier Property Protection apply to these additional benefits.

**Contract penalties.** We'll reimburse you for contract penalties you are required to pay your customers as a result of a penalty clause in your contracts for failure to deliver your products according to contract terms. The penalties must solely result from direct physical loss or damage by a covered cause of loss to covered property.

But we won't pay more than the additional benefit limit for contract penalties shown in the Coverage Summary.

**Inventory and appraisals.** We'll pay for reasonable costs and fees incurred by you for documentation that we require to certify your expenses, profit, or loss.

However, this benefit does not apply to costs incurred from an agent or broker's employee or representative. In addition, this benefit does not apply to costs incurred from a public adjuster.

But we won't pay more than the additional benefit limit for inventory and appraisals shown in the Coverage Summary.

**Off premises utility services.** We'll pay for your actual loss of earnings and extra expense that you incur due to direct physical loss or damage by a covered cause of loss to property not on your premises that supplies you with water, communications or power supply services. We'll only pay for loss that occurs after the first 12 hours following the direct physical loss or damage to the off premises property described below.

But we won't pay more than the additional benefit limit for off premises utility services shown in the Coverage Summary.

**Water supply services** means pumping stations and water mains supplying water to the covered location.

**Communications supply services** means property supplying communications services, including telephone, radio, microwave, or television services to the covered location, such as:

- communication transmission lines, including optic fiber transmission lines, but not their overhead communications lines;
- coaxial cables; and
- microwave radio relays, excluding satellites.

**Power supply services** means utility generating plants, switching stations, substations, transformers, and transmission lines, but not overhead transmission lines, supplying electricity, steam, or gas to the covered location.

**Pollution cleanup and removal.** We'll pay for your actual loss of earnings and extra expense incurred during the additional period of restoration resulting from a pollution loss covered under the Pollution cleanup and removal additional benefit of your Technology Premier Property Protection.

But we won't pay more than the additional benefit limit for pollution cleanup and removal shown in the Coverage Summary.

**Property in transit.** We'll pay for the actual loss of earnings and extra expense to your operations caused by direct physical loss or damage to covered business personal property in transit. The loss must occur while this endorsement is in effect and must be due to a covered cause of loss. This additional coverage doesn't apply when you're acting as a carrier for hire.

But we won't pay more than the additional benefit limit for property in transit shown in the Coverage Summary.

**Radioactive contamination.** We'll pay for your actual loss of earnings and extra expense that you incur due to direct physical loss or damage to covered property by radioactive contamination, provided that:

- radioactive contamination arises out of material at a covered location;
- radioactive material is kept at the covered location for the purpose of your operations; and
- there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel meant for use in such a reactor at the covered location.

But we won't pay more than the additional benefit limit for radioactive contamination shown in the Coverage Summary.

#### Optional Coverage

**Dependent property.** If this option is selected in the Coverage Summary, your dependent properties additional benefit limit is changed for specifically identified locations. The new limit and the specifically identified locations are listed in the Optional Coverage section of the Coverage Summary.

#### Exclusions - Losses We Won't Cover

All of the exclusions in your Premier Property Protection apply to this endorsement except the Utility failure exclusion doesn't apply to the additional benefit for off premises utility services.

The following additional exclusions apply to this Technology Premier Property Protection Blanket Earnings And Expense Endorsement.

**Cancellation of contracts.** We won't cover any increase in loss that's caused by or results from the suspension, lapse, or cancellation of any lease, license, contract, or order.

However, if the suspension, lapse or cancellation results directly from the interruption of your business, we'll cover any increase in a covered loss that affects your earnings. But we'll only pay for such increase during the period of restoration.

This exclusion won't apply to the additional benefit for contract penalties.

**Damage to finished stock.** We won't cover any loss of earnings or extra expense caused by or resulting from damage to finished stock. Nor will we cover loss caused by or resulting from the time necessary to reproduce the damaged finished stock. But we will pay for any out of the ordinary expenses you have in replacing finished stock you use to reduce your covered loss. This exclusion doesn't apply to extra expense.

*Finished stock* is your manufactured product when it's ready for packing, shipment, or sale. This doesn't include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this endorsement.

**Denial of services.** We won't cover any loss of earnings or extra expense caused by or resulting from denial of services.

*Denial of services* means an intentional specific or random attack on your computer system or telecommunications system for the purposes of nuisance, sabotage, or malicious tampering which has the effect of:

- depleting system resources available through the Internet to authorized external users of your computer system or telecommunications system; or
- impeding Internet access of authorized external users to your computer system or telecommunications system.

**Direct loss.** We won't cover any direct physical loss or damage to property.

**Other indirect loss.** We won't cover loss caused by or resulting from any indirect loss other than loss of earnings and extra expense.

**Repair.** We won't cover the cost of repairing or replacing damaged property, including the cost of research necessary to replace or restore abstracts, account books, card index systems, computer software and data, and other records. But we will pay any expense you incur over the normal cost of such repair or replacement if it's necessary to reduce your total extra expenses due to a covered loss.

This extra expense for repair or replacement may not be more than the amount by which it reduces your total extra expense loss.

**Satellites and their component parts.** We won't pay for any loss of earnings or extra expense that you incur caused by or resulting from the failure of satellites or their component parts to function as intended.

**Strike.** We won't cover any increase in loss due to delay caused by or resulting from strikers or anyone else at a location of rebuilding, repairing or replacing damaged property when it interferes with efforts to resume business.

However, you can recover for an increase in a covered loss when a strike on another person's premises prevents you from resuming business. For example:

*You've ordered materials to repair your building and you can't obtain them because there's a strike at the manufacturer's plant. This prevents you from resuming business and increases your loss of earnings and extra expense. We'll cover this increase in your loss.*

#### **Rules For Earnings And Extra Expense Loss Adjustment**

When an earnings or extra expense loss occurs, we'll consider the following in determining what we'll pay under this endorsement:

- Loss Determination
- Your Responsibility For Resuming Operations
- Limits Of Coverage
- Deductible

## Loss Determination

**Earnings.** Your amount of earnings loss will be determined based on:

- the net income of your business before the direct physical loss or damage occurred;
- the probable net income if loss or damage had not occurred, but not including any net income that would likely have been earned as a result of an increase in volume of business due to favorable business conditions caused by the impact of the covered cause of loss on customers or on other businesses;
- the operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
- other sources of information on your business such as: your financial records and accounting procedures, bills, invoices, and other vouchers and deeds, liens, or contracts.

**Extra expense.** We'll cover extra expense for operating when these expenses are over and above what it would normally cost to conduct your business, had no damage occurred. We'll deduct the salvage value that remains of any property bought for temporary use which you decide to keep after resuming operations.

We'll also cover all necessary expenses that reduce the loss that otherwise would have been incurred.

## Your Responsibility For Resuming Operations

If you can reduce your loss, by resuming operations at the covered location or elsewhere:

- by using damaged or undamaged property including merchandise or stock; or
- by using any other source materials or outlets for your products, you agree to do so.

**Earnings loss.** We'll reduce the amount of your earnings loss to the extent you can resume operations in whole or in part:

- by using damaged or undamaged property including merchandise or stock; or
- by using any other source materials or outlets for your products.

**Extra expense loss.** We'll reduce the amount of your extra expense loss to the extent you can return operations to normal and discontinue extra expenses.

## Limit Of Coverage

The most we'll pay for loss in any one event is the limit shown in the Coverage Summary.

## Deductible

Your deductible is shown in the Coverage Summary as either a dollar amount or a time limit. The time limit is shown in business days or hours.

**Business day** means a day, ending at midnight, that you are normally open for business. The first business day or hour begins at the time of loss. The day ends at midnight. However, if the loss occurs after the business has closed for the day, we'll consider the first day or hour to be the next day or hour on which you would normally be open for business.

You'll be responsible for this dollar amount or time limit deductible in each event. We'll pay the rest of your covered loss up to the limits of coverage that apply.

If more than one deductible applies to a loss, the highest deductible amount will be applied to that loss.

## Coinsurance Rule Exception

The Coinsurance Rule in your Technology Premier Property Protection doesn't apply to your Blanket Earnings And Expense Endorsement.

## Other Terms

All other terms of your policy remain the same.

**PREMIER PROPERTY PROTECTION AMENDMENT TO  
BLANKET EARNINGS AND EXPENSE ENDORSEMENT**

This endorsement changes your Premier  
Property Protection Blanket Earnings And  
Expense Endorsement.

---

**How Coverage Is Changed**

The following replaces the definition of  
Earnings in the Blanket Earnings And  
Expense Coverage section.

*Earnings* means:

- the net income, which is net profit or loss  
before income taxes, that you would have  
earned and continuing normal operating  
expenses that you incur; or
- if your business is not generating income  
because you are primarily in research and  
development or have not yet brought  
product to market, the continuing normal  
operating expenses that you incur.

Earnings also include grants, endowments,  
and other financial contributions that were:

- in your possession prior to the loss; and
- specifically assigned to a research and  
development project.

**Other Terms**

All other terms of your policy remain the  
same.



**PROPERTY PROTECTION COVERAGE SUMMARY CONTINUED -  
EQUIPMENT BREAKDOWN COVERAGE**

This Coverage Summary shows the limits and extent of your Equipment Breakdown Coverage.

**Coverage Options and Description**

- ☐ Basic Accident Coverage  
Coverage includes boilers, vessels and piping.
- ☒ Comprehensive Accident Coverage  
Coverage includes boilers, vessels, piping, air conditioning and refrigeration equipment, machinery and electrical equipment.

**Covered Locations**

Loc. No.

**Limit Of Coverage**

\$SEE VP002

SEE VP002 FOR SCHEDULE OF COVERED LOCATIONS.

**Optional Coverages****Limit of Coverage**

- ☐ Business Income \$
- ☒ Blanket Earnings and Expense \$SEE VP005
- ☒ SPOILAGE COVERAGE \$25,000
- ☐ \$

**Deductible**

Your deductibles shown in the Property Protection Coverage Summary applicable to property damage, business income or blanket earnings and expense apply to loss under this coverage unless a specific deductible is shown below:

**Name of Insured****Policy Number** ZLP-11R18933-12-I4**Effective Date** 09/11/12

VENDINI, INC.

**Processing Date** 09/07/12 10:12 001

42497 Ed. 8-90

Coverage Summary

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TRV-POL 093





**EQUIPMENT BREAKDOWN ENDORSEMENT****The St Paul**

This endorsement changes your Property Protection.

**How Coverage Is Changed**

This endorsement adds Equipment Breakdown Coverage to your Property Protection. This change broadens coverage.

**Equipment Breakdown Coverage**

We'll cover direct physical loss to covered property that results from a covered cause of loss.

We'll also cover your indirect loss and expenses resulting from the necessary interruption of your business if a limit of coverage is shown in the Coverage Summary for Business Income or Blanket Earnings and Expense.

*Covered property* means any property that you own, lease, operate or have in your care, custody or control at a covered location shown in the Coverage Summary.

*Covered cause of loss* is a Basic Accident or Comprehensive Accident as defined below.

Whenever the term accident is used in this endorsement, it means an accident as defined for the coverage shown in the Coverage Summary.

If an initial accident causes other accidents, all will be considered one accident. All accidents at any one location that become apparent at the same time and are the result of the same cause will be considered one accident.

*Basic accident* means the sudden and accidental breakdown of:

- any boiler;
- a fired or unfired pressure vessel subject to a vacuum or internal pressure other than static pressure of contents; and
- any piping and its accessory equipment.

There must be physical damage to the equipment or a part of the equipment that requires repair or replacement at the time the breakdown occurs.

*Comprehensive accident* means the sudden and accidental breakdown of:

- any boiler;
- a fired or unfired pressure vessel subject to a vacuum or internal pressure other than static pressure of contents;
- refrigerating or air conditioning systems, piping and its accessory equipment; and
- mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

There must be physical damage to the equipment or a part of the equipment that requires repair or replacement at the time the breakdown occurs.

**Coverage Extensions**

**Expediting expenses.** We'll pay up to \$25,000 for extra costs following the damage or destruction of covered property by a covered cause of loss to:

- make temporary repairs;
- expedite permanent repairs; and
- expedite permanent replacement.

**Pollution clean up and removal.** We'll pay up to \$25,000 for additional expenses you incur for:

- clean up;
  - repair or replacement; or
  - disposal;
- of covered property which is damaged, contaminated or polluted as a result of an accident by pollutants as defined in the Property Protection. This limitation also applies to damage, contamination or pollution caused by ammonia that is used as a refrigerant.



### Optional Coverages

**Business income or blanket earnings and extra expenses.** We'll cover your indirect loss and expense from the necessary interruption of your business if a limit is shown in the Coverage Summary.

**Off premises utility failure.** If Business income or blanket earnings and extra expenses are covered, we'll pay for your loss and expense resulting from the necessary interruption of your business caused by an accident to any transformer or electrical apparatus that is:

- located on or within 500 feet of your premises;
- owned by a public utility company; and
- used to supply electrical power to your premises.

**Spoilage coverage.** We'll pay for loss of perishable goods due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused solely by an accident. This includes an accident to any transformer or electrical apparatus that is:

- located on or within 500 feet of your premises;
- owned by a public utility company; and
- used to supply electrical power to your premises.

### Exclusions - Losses Not Covered

The following exclusions in your Property Protection don't apply to coverage under this endorsement:

- Electrical equipment.
- Boilers.
- Mechanical breakdown.

Accident doesn't include the following:

- depletion, deterioration, corrosion or erosion, wear and tear;
  - leakage of any valve, fitting, shaft seal, gland packing, joint or connection;
  - functioning of any safety or protective device;
- or

- cracking of any gas turbine part exposed to the products of combustion.

**Breakdown.** We won't pay loss or damage resulting from breakdown of the following:

- insulating or refractory material;
- a nonmetallic vessel, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (ASME) code;
- a catalyst;
- a buried vessel or piping;
- any part of a vessel that is not under:
  - (a) pressure of the contents of the vessel; or
  - (b) internal vacuum.
- an oven, stove, furnace, incinerator, pot or kiln;
- a structure, foundation, cabinet or compartment containing the equipment;
- a power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casting;
- a conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted or used with this equipment;
- a machine or apparatus that is used for research, medical, diagnostic, surgical, dental or pathological purposes;
- a felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, nonmetallic part or any part or tool subject to frequent, periodic replacement;
- equipment manufactured by you for sale; or
- any equipment until it has been installed and completely tested on your premises.

*Completely tested means* the equipment has operated on your premises in the capacity for which it was designed as part of your normal production process.

### Limits Of Coverage

The most we'll pay for loss from any covered accident is the limit shown in the Coverage Summary for property at a covered location.

If Business Income and Blanket Earnings and Extra Expense or Spoilage Coverage is shown in the Coverage Summary, the limit shown at a covered location is the same limit shown for covered causes of loss.

The **St Paul**

### **Deductibles**

The deductibles shown for property damage, Business Income, Blanket Earnings and Extra Expense or Spoilage in the Coverage Summary apply also to loss under this endorsement unless a specific Boiler and Machinery deductible is shown.

### **Suspension Of Coverage**

We may suspend your coverage immediately if any of our authorized representatives find that your covered equipment is in or exposed to a

dangerous condition. We can do this by mailing or delivering a written notice of suspension to your address where the equipment is located. Once coverage is suspended, it can be reinstated only by written notice from us.

If we suspend your coverage, you'll get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

### **Other Terms**

All other terms of your policy remain the same.



**MOLD OR BACTERIA EXCLUSION WITH NAMED PERILS EXCEPTION  
ENDORSEMENT**

This endorsement changes your Property Protection insuring agreement. This endorsement applies to all locations unless otherwise specified in the Coverage Summary.

**How Coverage Is Changed**

There are three changes which are explained below. These changes limit coverage.

1. The Wear, tear, deterioration, animals exclusion is replaced by the following.

**Wear, tear, deterioration, animals.** We won't cover loss caused by or resulting from:

- wear and tear;
- deterioration, rust, or any other corrosion;
- shrinkage, evaporation, loss of weight;
- changes in flavor, color, texture, or finish;
- nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals; or
- the inherent nature of the property.

*Inherent nature* means a latent defect or any quality in the property that causes it to deteriorate or destroy itself.

If a loss from fire, smoke lightning, wind, hail, explosion, vehicles, aircraft, vandalism, malicious mischief, civil disturbance, riot, leakage from fire extinguishing equipment, sinkhole collapse, volcanic action, building glass breakage, falling objects, weight of ice, snow, or sleet or water damage results, we'll pay for that resulting loss.

*Water damage* means the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance, other than a sump system, containing water or steam.

2. The following is added to the Exclusions - Losses We Won't Cover section.

**Mold or other fungi, wet or dry rot, or bacteria.** We won't cover loss caused directly or indirectly by mold or other fungi, wet or dry rot, or bacteria unless the mold or other fungi, wet or dry rot, or bacteria is caused by or results from any of the following covered causes of loss:

- fire;
- lightning;
- explosion;
- wind or hail;
- smoke;
- vehicles and aircraft;
- civil disturbance and riot;
- vandalism;
- sprinkler leakage;
- sinkhole collapse;
- volcanic action;
- falling objects;
- weight of snow, ice or sleet; or
- water damage.

If your policy includes coverage for flood, earthquake, or earth movement it will also be considered a covered cause of loss for mold or other fungi, wet or dry rot, or bacteria. But the most we'll pay for such loss is the limit of coverage shown in the Coverage Summary for flood, earthquake, or earth movement.

However, we won't pay for the costs associated with the enforcement of any ordinance, regulation, or law which requires you or anyone else to:

- test for, monitor, clean up, remove;
- contain, treat, detoxify, neutralize; or
- in any way respond to, or assess

the effects of mold or other fungi, wet or dry rot, or bacteria.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

*Mold or other fungi* means:

- any type or form of mold or mildew;
- any other type or form of fungus; or
- any mycotoxin, spore, scent or byproduct that's produced or released by such mold, mildew, or other fungus.

*Bacteria* means:

- any type or form of bacterium; or
- any mycotoxin, spore, scent or byproduct that's produced or released by such bacterium.

3. The following is added to the Exclusions - Losses We Won't Cover section.

**Seepage or leakage.** We won't cover mold or other fungi, wet or dry rot, or bacteria loss caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of 14 days or more.

#### Other Terms

All other terms of your policy remain the same.

## **VIRUS OR BACTERIA EXCLUSION ENDORSEMENT**

This endorsement changes any property or inland marine insuring agreement that is a part of your policy.

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### **How Coverage Is Changed**

There are two changes that are explained below.

1. The following is added to the Exclusions - Losses We Won't Cover section, or any similarly named Exclusions section, in any property or inland marine insuring agreement that is a part of your policy. This change excludes coverage.

**Virus or bacteria.** We won't pay for loss or damage caused by or resulting from any virus, bacterium, or other micro-organism that induces or is capable of inducing physical distress, illness, or disease.

This exclusion applies in addition to any pollution or contamination exclusion that applies and is in or made a part of this agreement.

However, this exclusion doesn't apply to loss or damage caused by or resulting from mold or other fungi, or wet or dry rot.

2. The following is added to any property or inland marine insuring agreement that is a part of your policy.

The term bacteria, and any bacteria definition, wherever used in any property or inland insuring agreement that is a part of your policy is deleted, except as used in the Virus or bacteria exclusion.

### **Other Terms**

All other terms of your policy remain the same.





**PROPERTY PROTECTION DEDUCTIBLE AND UNINTENTIONAL ERRORS  
AND OMISSIONS CHANGE ENDORSEMENT**

This endorsement changes your Property Protection.

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**How Coverage Is Changed**

There are two changes that are explained below.

1. The following replaces the Deductible section. This change broadens coverage.

**Deductible**

All deductibles are shown in the Coverage Summary and apply to all covered losses, unless otherwise specified elsewhere in this agreement. You'll be responsible for any applicable deductible amounts in each loss event.

If the amount of otherwise covered loss or damage is less than or equal to your applicable deductible, we won't pay for the loss. If the amount of otherwise covered loss or damage exceeds your applicable deductible, we'll subtract your deductible from the amount of otherwise covered loss and pay the remaining amount, or the applicable limit of coverage, whichever is less.

If more than one coverage or additional coverage under this policy applies to any one loss, we'll pay the amount of covered loss over the highest deductible amount for any of those coverages up to the limits of applicable coverage.

2. The following replaces the Unintentional errors and omissions section in the Other Rules For This Agreement section. This change narrows coverage.

**Unintentional errors in description.** Any error you make in your description of the address of a covered location in any application, statement of values, or other similar listing of locations submitted to us won't affect your rights under this agreement, if such error is not made intentionally and you report it to us as soon as practicable after you discover it. We'll retain the right to collect any additional or retroactive premium that's applicable due to any such error.

**Other Terms**

All other terms of your policy remain the same.



**TECHNOLOGY VISIONPAK  
COMMERCIAL GENERAL LIABILITY PROTECTION  
COVERAGE SUMMARY**



This Coverage Summary shows the limits of coverage that apply to your Technology VisionPak Commercial General Liability Protection. It also lists those endorsements, if any, that must have certain information shown for them to apply.

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**Limits Of Coverage**

<b>General total limit.</b>	<b>\$2,000,000</b>
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<b>Products and completed work total limit.</b>	<b>\$2,000,000</b>
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<b>Personal injury each person limit.</b>	<b>\$1,000,000</b>
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<b>Advertising injury each person limit.</b>	<b>\$1,000,000</b>
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<b>Each event limit.</b>	<b>\$1,000,000</b>
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<i>Premises damage limit.</i>	<b>\$250,000</b>
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<i>Medical expenses limit.</i>	<b>\$10,000</b>
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**Named Endorsement Table**

**Important Note:** Only endorsements that must have certain information shown for them to apply are named in this table. The required information follows the name of each such endorsement. Other endorsements may apply, too. If so, they're listed on the Policy Forms List.

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<b>Name of Insured</b>	<b>Policy Number</b> ZLP-11R18933-12-I4	<b>Effective Date</b> 09/11/12
VENDINI, INC.		<b>Processing Date</b> 09/07/12 10:12 001

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